

**Evolution Homecare Services
Limited**

Financial Statements

31 March 2017



Evolution Homecare Services Limited

Financial Statements

Year ended 31 March 2017

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Evolution Homecare Services Limited

Strategic Report

Year ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company was the supply of healthcare products and services.

The year to March 2017 saw 3.3% organic growth in active patient numbers to 31,000 (2016: 30,000). The impact of new patients resulted in gross profit increasing 27% year on year.

Business model and future developments

Following the acquisition of the BUPA Home Healthcare business by a sister company during the year a review has been performed of the Group's UK homecare operations. This review concluded that there was significant overlap between these operations and the activities could be more efficiently and effectively performed through a single business. Accordingly the BUPA Home Healthcare business was renamed as Lloydspharmacy Clinical Homecare and the existing Evolution activities was transferred to it in September 2017.

This transfer will mean that Evolution Homecare Services has ceased to trade by the end of 2017 and its existing operations have been closed down. Appropriate year end provisions in relation to cessation of trade (£162,000) and dilapidations (£59,000) were made to reflect this decision and the basis of accounting at the year end was changed from a going concern to a basis other than going concern. Where possible contracts being performed by the Evolution Homecare business will be transferred to Lloydspharmacy Clinical Homecare. Tangible and intangible fixed assets were written down by £68,000 and £32,000 to nil respectively which is deemed to be their recoverable amounts.

Principal risks and uncertainties

The management of the company is subject to a number of key risks. Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them, within a risk management framework developed by the company's intermediate parent, McKesson Europe AG.

Regulation

Evolution Homecare Services Limited operates in highly regulated markets, any changes to which could have a negative impact on business performance. Clinical & confidentiality governance is a risk to the business. Neglect in these areas could have serious consequences for the company. In order to mitigate risk the company operates a quality system in accordance with ISO9001. Staff training is provided to prevent breach of confidentiality.

Financial Risk Management

The company is exposed to a variety of financial risks, which include liquidity and interest rate risks. Evolution Homecare Services Limited is part of a group pooling arrangement whereby the responsibility of monitoring financial risk management is made through a central treasury function which arranges the overall funding requirements of the UK group of companies. This central function operates within a framework of clearly defined policies and procedures which have been approved by the directors of the company.

The policies approved by the board of directors are implemented by the company's finance department and the central treasury function. The policies for the UK group, which are documented in departmental manuals, cover funding and hedging instruments, exposure limits and a system of authority for the approval and execution of transactions.

Evolution Homecare Services Limited participates in the banking arrangements of the UK group, which are arranged with the assistance of the central treasury function. The UK group funds its operations through a mix of retained earnings, borrowings and leasing that is designed to ensure that the company has sufficient funds for its day to day operations and other activities. Cash flow requirements are monitored through rolling projections which are compiled across the group.

Evolution Homecare Services Limited

Strategic Report *(continued)*

Year ended 31 March 2017

Key performance indicators (KPIs)

The board monitors the company's progress in implementing its strategy by reference to certain key performance indicators. Progress in the year on these KPIs is as follows:-

Turnover: 18% growth, year on year, this is as a result of the 3% growth in patient numbers within the year and a carry over effect of prior year growth.

Gross profit margin: 3.7% which is consistent year on year (2016: 3.5%).

This report was approved by the board of directors on 13 December 2017 and signed on behalf of the board by:



H Lipp
Director

Registered office:
Sapphire Court
Walsgrave Triangle
Coventry
CV2 2TX

Evolution Homecare Services Limited

Directors' Report

Year ended 31 March 2017

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2017.

Principal activities

The principal activity of the company is the supply of healthcare products and services.

Results

The loss for the year amounted to £3,213,000 (year ended 31 March 2016: loss of £1,849,000). No dividends were paid in the current or prior year.

Going Concern

It is the intention of the directors to wind up the company following the transfer of the business to a sister company as detailed in the strategic report.

As a result of this the financial statements have been prepared on a basis other than going concern. Fixed assets have been written down to their recoverable amounts. Appropriate provisions have been made for losses subsequent to the reporting year and for the costs of winding up the business.

Directors

The directors who served the company during the year were as follows:

C Tobin	(Resigned 2 November 2017)
A Willetts	
N Swift	
H Lipp	(Appointed 6 December 2016)
J Poole	(Appointed 15 August 2016)
C McDermott	(Appointed 3 October 2016)
H Stables	(Appointed 1 April 2016)
T Beer	(Resigned 21 December 2016)
M Hilger	(Appointed 1 October 2017)

Dividends

The directors do not recommend the payment of a dividend (2016: nil).

Future developments

Future developments of the business are detailed in the strategic report.

Qualifying indemnity provision

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.

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 2015, more specifically information relating to future developments and financial risk management.

Evolution Homecare Services Limited

Directors' Report *(continued)*

Year ended 31 March 2017

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Approval of reduced disclosures

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Evolution Homecare Services Limited

Directors' Report *(continued)*

Year ended 31 March 2017

This report was approved by the board of directors on 13 December 2017 and signed on behalf of the board by:



H Lipp
Director

Registered office:
Sapphire Court
Walsgrave Triangle
Coventry
CV2 2TX

Evolution Homecare Services Limited

Independent Auditor's Report to the Members of Evolution Homecare Services Limited

Year ended 31 March 2017

We have audited the financial statements of Evolution Homecare Services Limited for the year ended 31 March 2017 which comprise the statement of income and retained earnings, statement of financial position and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

Emphasis of matter – financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 3 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Evolution Homecare Services Limited

Independent Auditor's Report to the Members of Evolution Homecare Services Limited (continued)

Year ended 31 March 2017

Opinion on other matter prescribed by the Companies Act 2006

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

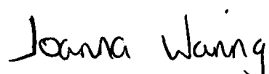
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 and the directors' report.

Matters on which we are required to report by exception

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

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



Joanna Waring (FCA) (Senior Statutory Auditor)

For and on behalf of
Deloitte LLP
Statutory Auditor
Nottingham, United Kingdom

13 December 2017

Evolution Homecare Services Limited

Statement of Income and Retained Earnings

Year ended 31 March 2017

	Note	2017 £000	2016 £000
Turnover	5	153,461	129,826
Cost of sales		<u>(147,720)</u>	<u>(125,306)</u>
Gross profit		5,741	4,520
Distribution costs		<u>(5,994)</u>	<u>(4,929)</u>
Administrative expenses		<u>(1,442)</u>	<u>159</u>
Operating loss	6	(1,695)	(250)
Interest payable and similar expenses	10	<u>(1,762)</u>	<u>(2,008)</u>
Loss before taxation		(3,457)	(2,258)
Tax on loss	11	<u>244</u>	<u>409</u>
Loss for the financial year and total comprehensive loss		<u>(3,213)</u>	<u>(1,849)</u>
Retained losses at the start of the year		<u>(16,015)</u>	<u>(14,166)</u>
Retained losses at the end of the year		<u>(19,228)</u>	<u>(16,015)</u>

All the activities of the company are from continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

Evolution Homecare Services Limited

Statement of Financial Position

31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	12		98
Tangible assets	13		42
			<u>140</u>
Current assets			
Stocks	14	11,210	11,795
Debtors	15	28,092	36,062
		<u>39,302</u>	<u>47,857</u>
Creditors: amounts falling due within one year	16	<u>(58,309)</u>	<u>(64,012)</u>
Net current liabilities			<u>(16,155)</u>
Total assets less current liabilities			<u>(16,015)</u>
Provisions	17		<u>(221)</u>
Net liabilities			<u>(19,228)</u>
Capital and reserves			
Called up share capital	19		–
Retained Losses	20		<u>(16,015)</u>
Shareholders deficit			<u>(19,228)</u>

These financial statements were approved by the board of directors and authorised for issue on 13 December 2017, and are signed on behalf of the board by:


H Lipp
Director

Company registration number: 00874977

The notes on pages 10 to 19 form part of these financial statements.

Evolution Homecare Services Limited

Notes to the Financial Statements

Year ended 31 March 2017

1. General information

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

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Going concern

It is the intention of the directors to wind up the company following the transfer of the business to a sister company. The financial statements have been prepared on a basis other than going concern. Fixed assets have been written down to their recoverable amounts. Appropriate provisions have been made for losses subsequent to the reporting year and for the costs of winding up the business.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of McKesson Corporation which can be obtained from McKesson Corporation, One Post Street, San Francisco, CA 94104, United States. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

No cash flow statement has been presented for the company.

Disclosures in respect of financial instruments have not been presented.

No disclosure has been given for the aggregate remuneration of key management personnel.

Revenue recognition

Revenue comprises sales of goods and services at invoice value less discounts and excluding value added tax.

Revenue from the provision of goods and all services is only recognised when the amounts to be recognised are fixed and determinable and collectability is reasonably assured.

Revenue from the provision of goods is recognised when the risks and rewards of ownership of goods have been transferred to the customer. The risks and rewards of ownership of goods are deemed to have been transferred when the goods are delivered to, or are picked up by the customer.

Evolution Homecare Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Revenue recognition *(continued)*

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting year.

When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the Statement of Income and Retained Earnings.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Evolution Homecare Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

IT Software - 25% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

IT Hardware - between 20% and 25% straight line

Fixtures & Fittings - 10% straight line

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Stock is accounted for on the first in first out basis.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Evolution Homecare Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution pension scheme

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the Statement of Income and Retained Earnings in the period to which they relate. These contributions are invested separately from the company's assets.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, 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.

The directors have considered the Statement of Comprehensive Income, the Statement of Financial Position and the Company's accounting policies and do not consider there to be any critical accounting judgements or key sources of estimation uncertainty.

Evolution Homecare Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

5. Turnover

Turnover arises from:

	2017	2016
	£000	£000
Sale of goods	150,116	123,804
Rendering of services	3,345	6,022
	<u>153,461</u>	<u>129,826</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

6. Operating loss

Operating loss is stated after charging:

	2017	2016
	£000	£000
Amortisation of intangible assets	49	51
Depreciation of tangible assets	18	41
Impairment of intangible assets recognised in:		
Administrative expenses	68	–
Impairment of tangible assets recognised in:		
Administrative expenses	32	–
Operating lease rentals	296	42
Foreign exchange differences	5	–
	<u> </u>	<u> </u>

7. Auditor's remuneration

	2017	2016
	£000	£000
Fees payable for the audit of the financial statements	<u>18</u>	<u>18</u>

No non-audit services have been provided by the auditor during the year (2016: nil).

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Administrative staff	<u>74</u>	<u>64</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£000	£000
Wages and salaries	2,467	2,136
Social security costs	227	213
Other pension costs	42	22
	<u>2,736</u>	<u>2,371</u>

Evolution Homecare Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

9. Directors' emoluments

The emoluments of Mr Beer were paid by a fellow subsidiary company, AAH Pharmaceuticals limited, which makes no recharge to the company. Mr Beer was a director 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 Mr Beer are disclosed. His emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of AAH Pharmaceuticals limited.

The emoluments of all other 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.

10. Interest payable and similar expenses

	2017 £000	2016 £000
Interest due to group undertakings	<u>1,762</u>	<u>2,008</u>

11. Tax on loss

Major components of tax income

	2017 £000	2016 £000
Current tax:		
UK current tax income	(736)	(459)
Adjustments in respect of prior periods	<u>459</u>	<u>49</u>
Total current tax	<u>(277)</u>	<u>(410)</u>
Deferred tax:		
Origination and reversal of timing differences	<u>33</u>	<u>1</u>
Tax on loss	<u>(244)</u>	<u>(409)</u>

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £000	2016 £000
Loss on ordinary activities before taxation	<u>(3,457)</u>	<u>(2,258)</u>
Loss on ordinary activities by rate of tax	(691)	(452)
Adjustment to tax charge in respect of prior periods	447	10
Other permanent differences	<u>-</u>	<u>33</u>
Tax on loss	<u>(244)</u>	<u>(409)</u>

Evolution Homecare Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

11. Tax on loss *(continued)*

Factors that may affect future tax income

Reductions to the rate of corporation tax to 19% (effective 1 April 2017) and 17% (effective 1 April 2020) have now been enacted. The impact of any resulting changes to the valuation of any deferred tax assets and liabilities is reflected within the financial statements.

12. Intangible assets

	IT Software £000
Cost	
At 1 April 2016	561
Additions	19
At 31 March 2017	<u>580</u>
Amortisation	
At 1 April 2016	463
Charge for the year	49
Impairment losses	68
At 31 March 2017	<u>580</u>
Carrying amount	
At 31 March 2017	<u>—</u>
At 31 March 2016	<u>98</u>

Intangible fixed assets have been written down to their recoverable amounts as the financial statements are being prepared on a wind up basis.

13. Tangible assets

	IT Hardware £000	Fixtures and fittings £000	Total £000
Cost			
At 1 April 2016	106	605	711
Additions	8	—	8
At 31 March 2017	<u>114</u>	<u>605</u>	<u>719</u>
Depreciation			
At 1 April 2016	94	575	669
Charge for the year	9	9	18
Impairment losses	11	21	32
At 31 March 2017	<u>114</u>	<u>605</u>	<u>719</u>
Carrying amount			
At 31 March 2017	<u>—</u>	<u>—</u>	<u>—</u>
At 31 March 2016	<u>12</u>	<u>30</u>	<u>42</u>

Evolution Homecare Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

13. Tangible assets *(continued)*

Tangible fixed assets have been written down to their recoverable amounts as the financial statements are being prepared on a wind up basis.

Included within the net book value of fixed assets is £nil (2016: £2,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,000 (2016: £5,000).

14. Stocks

	2017 £000	2016 £000
Finished goods and goods for resale	<u>11,210</u>	<u>11,795</u>

15. Debtors

	2017 £000	2016 £000
Trade debtors	23,124	26,375
Deferred tax asset (note 18)	56	89
Prepayments and accrued income	67	959
Corporation tax repayable	736	1,573
Other debtors	4,109	7,066
	<u>28,092</u>	<u>36,062</u>

16. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Bank loans and overdrafts	21,660	29,553
Trade creditors	17,601	11,056
Amounts owed to group undertakings	2,544	3,645
Amount owed to parent	14,176	14,204
Accruals and deferred income	2,263	5,485
Social security and other taxes	65	69
	<u>58,309</u>	<u>64,012</u>

Amounts owed to affiliated companies are unsecured and have no fixed repayment date other than that they are payable on demand. The amounts are either interest free or attract interest equivalent to the overall cost of borrowing for the UK group of 3.71% (2016: 4.40%).

Evolution Homecare Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

17. Provisions

	Cessation of trade £000	Dilapidations £000	Total £000
At 1 April 2016	–	–	–
Additions	162	59	221
At 31 March 2017	<u>162</u>	<u>59</u>	<u>221</u>

The provision in relation to cessation of trade relates to losses subsequent to the reporting period.

Dilapidation provisions relate to costs expected to be incurred to restore properties to their original state when vacating these, as a result of winding up the business. The estimate has been calculated in conjunction with the property team based on clauses within lease agreements.

18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £000	2016 £000
Included in debtors (note 15)	<u>56</u>	<u>89</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £000	2016 £000
Accelerated capital allowances	56	50
Short term timing differences	–	39
	<u>56</u>	<u>89</u>

The total deferred tax movement in the year is a credit to the Statement of Income and Retained earnings of £33,000.

19. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>100</u>	<u>–</u>	<u>100</u>	<u>–</u>

20. Reserves

Retained Losses - This reserve records retained earnings and accumulated losses.

21. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £000	2016 £000
Not later than 1 year	45	150
Later than 1 year and not later than 5 years	–	56
	<u>45</u>	<u>206</u>

Evolution Homecare Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

22. Related party transactions

The company has not disclosed transactions with fellow group companies which are 100% owned, in accordance with the exemption under the terms of FRS102.33.1A - "Related party disclosures".

23. Controlling party

The immediate parent undertaking is Admenta Holdings Limited.

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 are prepared by McKesson Corporation and may be obtained from its registered address, McKesson Corporation, One Post Street, San Francisco, CA 94104, United States.

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