

Raimes, Clark & Company, Limited

Registered number: SC006775

Annual Report

For the year ended 31 December 2019



RAIMES, CLARK & COMPANY, LIMITED

COMPANY INFORMATION

Directors	A C Cumming, MSc C N C Cumming, B Tech (Hons), MBA (Chairman) R A McGregor, MR Pharm S, MBA P C Galt, BPharm MRPharmS, MBA A Roberts, BSc MBA
Company secretary	D D Valentine BSc
Registered number	SC006775
Registered office	19 Smith's Place Leith Walk Edinburgh EH6 8NU
Trading address	19 Smith's Place Leith Walk Edinburgh EH6 8NU
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD
Bankers	HSBC 76 Hanover Street Edinburgh EH2 1EL Santander UK plc Bridle Road Bootle Merseyside L30 4GB
Solicitors	Murray Beith Murray 3 Glenfinlas Street Edinburgh EH3 6AQ

RAIMES, CLARK & COMPANY, LIMITED

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RAIMES, CLARK & COMPANY, LIMITED

ONE HUNDRED AND TWELTH ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 DECEMBER 2019

The chairman presents his statement for the period.

Notice is hereby given that the one hundred and twelfth Annual General Meeting of the shareholders of the above company will be held at 19 Smith's Place, Leith Walk, Edinburgh, EH6 8NU on 4 June 2020 to receive the Director's Report and transact the other business competent to the Meeting.

The Transfer Books are closed until the date of the meeting. A member of the company entitled to attend and vote at the Meeting is entitled to appoint a proxy (who need not be a member) to attend and vote instead of him/her.

Name D D Valentine BSc
 Secretary

Date 4 June 2020

RAIMES, CLARK & COMPANY, LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their Group Strategic Report for Raimes, Clark & Company, Limited for the year ended 31 December 2019.

Principal activity and business review

The group's principal activity continued to be running retail pharmacies under the trading name Lindsay & Gilmour.

Trading conditions remain difficult with demands being placed on pharmacies to deliver an increased range of services and to manage growing volumes of prescriptions with limited resources. There is however, now greater stability in the market compared to the upheavals of the past few years. In line with the group's overall strategy, it has continued to make investment in premises improvement, automation and information technology. The group has been working hard to drive both improvements and efficiency savings and this has been reflected in this year's results.

The group expects current trading levels to continue over the next year and will continue with a programme of ongoing improvements and efficiency savings. Improved stock management processes have been implemented to reduce overall stock holding and improve service levels.

Increased revenues from opportunities presented by the NHS Pharmacy Contract and a range of private services will be pursued. A structured programme of training and development for all staff will facilitate this and ensure continued levels of excellent customer service.

The group uses several Key Performance Indicators and has introduced the OKR framework to measure performance across a wide range of financial and non-financial metrics. These include gross profit, net profit and staff costs. All indicators are closely monitored and reviewed throughout the year with action taken to ensure budgets are achieved.

Financial risk management objectives and policies

The group finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes, through bank borrowings. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due;
- minimise the group's exposure to fluctuating interest rate when seeking borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the groups's trading activities.

The group does not use hedge accounting. As a result the group's exposure to price risk, credit risk, liquidity risk and cash flow risk is minimised wherever possible.

Impact of Brexit

The directors have assessed the potential implications of Brexit for the business. The uncertainty has had a limited impact on the business to date as a result of supply chain issues however the board will continue to monitor the situation as negotiations progress and take any action considered necessary.

RAIMES, CLARK & COMPANY, LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Impact of COVID-19

On 30 January 2020, the World Health Organization (WHO) declared COVID-19 as a 'Public Health Emergency of International Concern', and this has had a significant impact on businesses around the world. Community pharmacy has a critical role in the UK Government's response to COVID-19 in maintaining medicines supply. The business incurred additional costs in dealing with the uncertainties around the COVID-19 outbreak as a result of increased workload, staff absence and additional health & safety requirements to protect staff and customers. Scottish Government has provided additional financial support to meet these additional costs and advanced funding to assist cashflow. The directors are monitoring the situation on an ongoing basis and will continue to act to ensure the wellbeing of their staff and customers. The directors consider that the strength of the group's Balance Sheet and ongoing trading position will ensure that any financial impact is not significant.

This report was approved by the board on May 7, 2020 and signed on its behalf.


CNC Cumming (May 7, 2020)

C N C Cumming, B Tech (Hons), MBA (Chairman)
Director

RAIMES, CLARK & COMPANY, LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,767,501 (2018 - £2,173,180).

Particulars of dividends paid are detailed in note 12 to the financial statements.

Directors

The directors who served during the year were:

A C Cumming, MSc
C N C Cumming, B Tech (Hons), MBA (Chairman)
R A McGregor, MR Pharm S, MBA
P C Galt, BPharm MRPharmS, MBA
A Roberts, BSc MBA

RAIMES, CLARK & COMPANY, LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Employees

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The group acknowledges the importance of employees in delivering the group's business plan and ensures employees are provided with relevant information and involved in matters that are of concern to them. To further assist this process, the group has established an employee forum to encourage employees to provide ideas and feedback to management on all aspects of its operations.

The group treats all employees with dignity and respect and provides an environment for learning and working that is free from unlawful discrimination, harassment, bullying and victimisation. During the year, the policy of providing employees with information about the company has been continued.

Matters covered in the strategic report

The directors have included the business review and consideration of the principal risks and uncertainties facing the group in the Strategic Report.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

On 30 January 2020, the World Health Organization (WHO) declared COVID-19 as a 'Public Health Emergency of International Concern'. The Directors have considered the impact of the outbreak within the Strategic Report on page 3. The Directors do not consider any adjustments to the reported financial information to be required in relation to this and no post balance sheet events as a result have been identified. The going concern basis of preparation is considered appropriate for the preparation of the financial statements as per note 2.4.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

RAIMES, CLARK & COMPANY, LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

This report was approved by the board on

May 7, 2020

and signed on its behalf.


CNC Cumming (May 7, 2020)

C N C Cumming, B Tech (Hons), MBA (Chairman)
Director

RAIMES, CLARK & COMPANY, LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAIMES, CLARK & COMPANY, LIMITED

Opinion

We have audited the financial statements of Raimes, Clark & Company, Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the annual report, other than the financial statements and our auditor's report thereon. 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.

RAIMES, CLARK & COMPANY, LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAIMES, CLARK & COMPANY, LIMITED

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

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

RAIMES, CLARK & COMPANY, LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAIMES, CLARK & COMPANY, LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit 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.

Fiona Martin

Fiona Martin (May 13, 2020)

Fiona Martin (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Date: May 13, 2020

RAIMES, CLARK & COMPANY, LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	33,506,069	32,493,242
Cost of sales		(21,611,601)	(20,663,139)
Gross profit		11,894,468	11,830,103
Administrative expenses		(10,243,827)	(9,601,599)
Other operating income	5	395,124	370,974
Fair value movements	14	212,750	182,750
Operating profit		2,258,515	2,782,228
Income from participating interests		95,570	80,206
Interest receivable and similar income		7,272	238
Interest payable and expenses	9	(133,950)	(128,344)
Profit before taxation		2,227,407	2,734,328
Tax on profit	10	(459,906)	(561,148)
Profit for the financial year		1,767,501	2,173,180
 Profit for the year attributable to:			
Owners of the parent Company		1,767,501	2,173,180

The notes on pages 22 to 47 form part of these financial statements.

RAIMES, CLARK & COMPANY, LIMITED
REGISTERED NUMBER: SC006775

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	15,716,106	14,376,386
Tangible assets	14	10,206,732	9,672,373
Investments	15	604,063	569,993
		<u>26,526,901</u>	<u>24,618,752</u>
Current assets			
Stocks	17	2,440,710	2,372,515
Debtors: amounts falling due after more than one year	18	318,000	324,625
Debtors: amounts falling due within one year	18	3,705,420	3,584,140
Cash at bank and in hand	19	1,572,510	2,704,762
		<u>8,036,640</u>	<u>8,986,042</u>
Creditors: amounts falling due within one year	20	(4,490,574)	(5,177,034)
Net current assets		<u>3,546,066</u>	<u>3,809,008</u>
Total assets less current liabilities		<u>30,072,967</u>	<u>28,427,760</u>
Creditors: amounts falling due after more than one year	21	(6,680,575)	(6,356,203)
Provisions for liabilities			
Deferred taxation	24	(909,478)	(858,354)
		<u>(909,478)</u>	<u>(858,354)</u>
Net assets		<u><u>22,482,914</u></u>	<u><u>21,213,203</u></u>
Capital and reserves			
Called up share capital	25	11,821	11,821
Share premium account	26	1,305	1,305
Revaluation reserve	26	4,043,962	3,914,470
Capital redemption reserve	26	4,934	4,934
Profit and loss account	26	18,420,892	17,280,673
		<u><u>22,482,914</u></u>	<u><u>21,213,203</u></u>

RAIMES, CLARK & COMPANY, LIMITED
REGISTERED NUMBER: SC006775

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
May 7, 2020


CNC Cumming (May 7, 2020)

C N C Cumming, B Tech (Hons), MBA (Chairman)
Director

The notes on pages 22 to 47 form part of these financial statements.

RAIMES, CLARK & COMPANY, LIMITED
REGISTERED NUMBER: SC006775


COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	8,570,904	8,284,182
Investments	15	47,608	47,608
		<u>8,618,512</u>	<u>8,331,790</u>
Current assets			
Debtors: amounts falling due after more than one year	18	318,000	324,625
Debtors: amounts falling due within one year	18	4,014	11,269
Cash at bank and in hand	19	105,609	178,445
		<u>427,623</u>	<u>514,339</u>
Creditors: amounts falling due within one year	20	(847,651)	(1,152,002)
Net current liabilities		<u>(420,028)</u>	<u>(637,663)</u>
Total assets less current liabilities		<u>8,198,484</u>	<u>7,694,127</u>
Provisions for liabilities			
Deferred taxation	24	(154,530)	(127,152)
		<u>(154,530)</u>	<u>(127,152)</u>
Net assets		<u>8,043,954</u>	<u>7,566,975</u>
Capital and reserves			
Called up share capital	25	11,821	11,821
Share premium account	26	1,305	1,305
Revaluation reserve	26	4,043,962	3,914,470
Capital redemption reserve	26	4,089	4,089
Profit and loss account brought forward		3,635,290	3,422,628
Profit for the year		974,769	905,339
Other changes in the profit and loss account		<u>(627,282)</u>	<u>(692,677)</u>
Profit and loss account carried forward		<u>3,982,777</u>	<u>3,635,290</u>
		<u>8,043,954</u>	<u>7,566,975</u>

RAIMES, CLARK & COMPANY, LIMITED
REGISTERED NUMBER: SC006775

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf on May 7, 2020


CNC Cumming (May 7, 2020)

C N C Cumming, B Tech (Hons), MBA (Chairman)
Director

The notes on pages 22 to 47 form part of these financial statements.

RAIMES, CLARK & COMPANY, LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2019	11,821	1,305	4,934	3,914,470	17,280,673	21,213,203
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,767,501	1,767,501
Net transfer from revaluation reserve (note 27)	-	-	-	-	83,258	83,258
Fair value adjustments transferred to revaluation reserve	-	-	-	-	(212,750)	(212,750)
Dividends: equity capital	-	-	-	-	(446,540)	(446,540)
Purchase of own shares	-	-	-	-	(51,250)	(51,250)
Net transfer from profit and loss account (note 27)	-	-	-	129,492	-	129,492
At 31 December 2019	11,821	1,305	4,934	4,043,962	18,420,892	22,482,914

The notes on pages 22 to 47 form part of these financial statements.

RAIMES, CLARK & COMPANY, LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2018	11,321	1,305	4,934	3,798,056	15,800,170	19,616,286
Profit for the year	-	-	-	-	2,173,180	2,173,180
Net transfer to revaluation reserve (note 27)	-	-	-	-	66,336	66,336
Fair value adjustments	-	-	-	-	(182,750)	(182,750)
Dividends: equity capital	-	-	-	-	(423,263)	(423,263)
Purchase of own shares	-	-	-	-	(153,000)	(153,000)
Net transfer from profit and loss account (note 27)	-	-	-	116,414	-	116,414
At 31 December 2018	11,821	1,305	4,934	3,914,470	17,280,673	21,213,203

The notes on pages 22 to 47 form part of these financial statements.

RAIMES, CLARK & COMPANY, LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2019	11,821	1,305	4,089	3,914,470	3,635,290	7,566,975
Profit for the year	-	-	-	-	974,769	974,769
Net transfer from revaluation reserve (note 27)	-	-	-	-	83,258	83,258
Fair value adjustments	-	-	-	-	(212,750)	(212,750)
Dividends: equity capital	-	-	-	-	(446,540)	(446,540)
Purchase of own shares	-	-	-	-	(51,250)	(51,250)
Net transfer from profit and loss account (note 27)	-	-	-	129,492	-	129,492
At 31 December 2019	11,821	1,305	4,089	4,043,962	3,982,777	8,043,954

The notes on pages 22 to 47 form part of these financial statements.

RAIMES, CLARK & COMPANY, LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2018	11,821	1,305	4,089	3,798,056	3,422,628	7,237,899
Profit for the year	-	-	-	-	905,339	905,339
Net transfer to revaluation reserve (note 27)	-	-	-	-	66,336	66,336
Fair value adjustments	-	-	-	-	(182,750)	(182,750)
Dividends: equity capital	-	-	-	-	(423,263)	(423,263)
Purchase of own shares	-	-	-	-	(153,000)	(153,000)
Net transfer from profit and loss account (note 27)	-	-	-	116,414	-	116,414
At 31 December 2018	11,821	1,305	4,089	3,914,470	3,635,290	7,566,975

The notes on pages 22 to 47 form part of these financial statements.

RAIMES, CLARK & COMPANY, LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	1,767,501	2,173,180
Adjustments for:		
Amortisation of intangible assets	937,784	898,278
Depreciation of tangible assets	336,203	304,275
Impairment of intangible assets	92,886	-
Loss on disposal of tangible assets	(4,537)	(4,219)
Interest paid	133,950	128,344
Interest received	(7,272)	(238)
Taxation charge	459,906	561,148
(Increase)/decrease in stocks	(5,665)	130,623
Decrease/(increase) in debtors	202,447	(739,459)
(Decrease)/increase in creditors	(1,032,863)	667,935
Net fair value gains recognised	(212,750)	(182,750)
Share of operating loss in associates	(95,570)	(80,206)
Corporation tax paid	(620,997)	(597,390)
Net cash generated from operating activities	<u>1,951,023</u>	<u>3,259,521</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(629,856)	(415,043)
Sale of tangible fixed assets	10,500	30,000
Purchase of subsidiary undertaking	(2,299,100)	-
Interest received	7,272	238
Income from investments in related companies	61,500	61,500
Net cash from investing activities	<u>(2,849,684)</u>	<u>(323,305)</u>

RAIMES, CLARK & COMPANY, LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from financing activities		
New secured loans	1,000,000	-
Repayment of loans	(601,851)	(1,616,137)
Dividends paid	(446,540)	(423,263)
Interest paid	(133,950)	(128,344)
Purchase of own shares	(51,250)	(153,000)
Net cash used in financing activities	(233,591)	(2,320,744)
Net (decrease)/increase in cash and cash equivalents	(1,132,252)	615,472
Cash and cash equivalents at beginning of year	2,704,762	2,089,290
Cash and cash equivalents at the end of year	1,572,510	2,704,762
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,572,510	2,704,762
	1,572,510	2,704,762

The notes on pages 22 to 47 form part of these financial statements.

RAIMES, CLARK & COMPANY, LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £	Cash flows £	Acquisition and disposal of subsidiaries £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	2,704,762	(1,688,909)	556,657	-	1,572,510
Debt due after 1 year	(6,356,203)	(1,000,000)	-	675,628	(6,680,575)
Debt due within 1 year	(593,956)	601,851	-	(675,628)	(667,733)
	<u>(4,245,397)</u>	<u>(2,087,058)</u>	<u>556,657</u>	<u>-</u>	<u>(5,775,798)</u>

The notes on pages 22 to 47 form part of these financial statements.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Raimes, Clark & Company, Limited is a company limited by shares, registered in Scotland. Its registered office is 19 Smith's Place, Leith Walk, Edinburgh, EH6 8NU.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The directors have taken advantage of the election to early the FRS 102 Triennial Update. The impact of this adoption can be seen in note 34.

The Company's functional and presentational currency is GBP. Balances in the financial statements are rounded to the nearest GBP.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Associates

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated financial statements, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Going concern

Community pharmacy has a critical role in the UK Government's response to COVID-19 in maintaining medicines supply. The business incurred additional costs in dealing with the uncertainties around the COVID-19 outbreak as a result of increased workload, staff absence and additional health & safety requirements to protect staff and customers. Scottish Government has provided additional financial support to meet these additional costs and advanced funding to assist cashflow. The directors have considered the group's current position and is of the opinion that the group has sufficient resources to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on the above, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Intangible assets

Licences

Licences represent pharmacy licences and are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Licences - 5% straight line

The directors believe the useful life of 20 years is appropriate as this is the period over which the benefit is expected to be derived from the licences.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.8 Depreciation

Depreciation is provided on the following basis:

Heritable property	-	2% straight line
Plant & machinery	-	33% straight line
Motor vehicles	-	25% - 33% reducing balance/ 20% straight line
Furniture & fittings	-	15% reducing balance/ 10% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Consolidated Statement of Comprehensive Income

2.9 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.10 Operating leases: the Group as lessor

Rental income from operating leases is credited to the Consolidated Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.12 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.13 Valuation of investments

Investments in subsidiaries and associates and unlisted investments are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Consolidated Statement of Comprehensive Income.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.17 Financial instruments (continued)

transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Employee benefit trusts ("EBT's")

The group has established trusts for the benefit of its employees. Monies contributed to these trusts are held by independent trustees and managed at their discretion.

Under FRS 102 Section 9 the assets and liabilities of the trust are accounted for as assets and liabilities of the group until the earlier of the date that an allocation of trust funds to employees in respect of past service is declared, or the date that assets of the trust vest unconditionally in identified individuals. Any impairment in the value of such assets is recognised in the Consolidated Statement of Comprehensive Income in the period to which it relates.

Where the group determines payments to a trust on the basis of employee's past services to the business and the group can obtain no future economic benefit from those contributions, such contributions payable by the group to the trust are charged to the Consolidated Statement of Comprehensive Income in the period to which they relate.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.20 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.22 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

2.23 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.24 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.25 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.26 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.27 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 2, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, 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.

In the opinion of the directors, the key judgements and sources of estimation uncertainty involved in the preparation of the financial statements relate to consideration of the value of the intangible assets and the fair value assessment of investment properties.

For the intangible assets, the directors prepare discounted cashflows to ascertain a value of the intangible assets, and review market conditions to ensure their analysis is up to date. This assists in their consideration of potential impairment of the intangible assets.

For the investment properties, they consider the value each year taking into account market conditions, and receive formal valuations on a regular basis.

4. Turnover

All turnover arose within the United Kingdom.

The whole of the turnover is attributable to the principal activity of the group.

5. Other operating income

	2019 £	2018 £
Miscellaneous income	98,818	95,444
Net rents receivable	296,306	275,530
	<u>395,124</u>	<u>370,974</u>

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	3,500	3,300
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	10,500	9,600
Other services supplied pursuant to such legislation	4,325	7,275
All other services	6,400	4,055
	<u>21,225</u>	<u>20,930</u>

7. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2019 £	2018 £
Selling and distribution	287	273
Administration	14	13
	<u>301</u>	<u>286</u>

Staff costs, including directors' remuneration, were as follows

	Group 2019 £	Group 2018 £
Wages and salaries	6,041,831	5,739,762
Social security costs	484,776	437,432
Cost of defined contribution scheme	471,292	373,349
	<u>6,997,899</u>	<u>6,550,543</u>

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. Directors and key management personnel remuneration

	2019 £	2018 £
Directors' emoluments	455,228	455,195
Company contributions to defined contribution pension schemes	32,924	55,446
	<u>488,152</u>	<u>510,641</u>

During the year retirement benefits were accruing to 2 directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £183,406 (2018 - £166,257).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,883 (2018 - £33,271).

Key management personnel

The total remuneration of key management personnel, which includes directors of the company, was £663,178 (2018 - £666,968).

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	133,513	128,344
Other interest payable	437	-
	<u>133,950</u>	<u>128,344</u>

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	415,785	584,055
Adjustments in respect of previous periods	(1,475)	(24,602)
	<u>414,310</u>	<u>559,453</u>
Deferred tax		
Origination and reversal of timing differences	45,596	8,511
Adjustments in respect of previous periods	-	(6,816)
	<u>45,596</u>	<u>(6,816)</u>
Taxation on profit on ordinary activities	<u>459,906</u>	<u>561,148</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>2,227,407</u>	<u>2,734,328</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	423,207	519,522
Effects of:		
Expenses not deductible for tax purposes	23,840	24,225
Fixed asset timing differences	41,485	82,690
Adjustments to tax charge in respect of prior periods	(1,475)	(31,418)
Non-taxable income	(18,159)	(53,268)
Adjustments to tax rates	(8,992)	19,397
Total tax charge for the year	<u>459,906</u>	<u>561,148</u>

Factors that may affect future tax charges

The UK Budget 2020 announced that the corporation tax rate was to be held at 19% rather than reduced to 17% with effect from 1 April 2020 as previously enacted. This provision was substantively enacted on 17 March 2020, after the end of the accounting period, and so deferred tax closing balances have been calculated at 17%. Had the 19% rate been applied instead, the closing deferred tax balance would have increased by £106,998 to be a liability of £1,016,477.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Dividends

	2019 £	2018 £
Dividends on Ordinary shares	446,540	423,263

12. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £974,769 (2018 - £905,339).

13. Intangible assets

Group

	Licences £
Cost	
At 1 January 2019	18,171,119
Additions	2,370,393
At 31 December 2019	20,541,512
Amortisation	
At 1 January 2019	3,794,735
Charge for the year	937,784
Impairment charge	92,887
At 31 December 2019	4,825,406
Net book value	
At 31 December 2019	15,716,106
At 31 December 2018	14,376,384

RAIMES, CLARK & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Tangible fixed assets

Group

	Heritable property £	Investment property £	Plant & machinery £	Motor vehicles £	Furniture & fittings £	Total £
Cost or valuation						
At 1 January 2019	3,306,212	5,145,250	82,463	422,776	3,747,170	12,703,871
Additions	124,240	-	5,896	104,779	428,861	663,776
Disposals	-	-	-	(18,970)	(3,540)	(22,510)
Revaluations	-	212,750	-	-	-	212,750
At 31 December 2019	3,430,452	5,358,000	88,359	508,585	4,172,491	13,557,887
Depreciation						
At 1 January 2019	128,448	-	49,708	227,248	2,626,094	3,031,498
Charge for the year on owned assets	65,881	-	26,909	64,335	179,078	336,203
Disposals	-	-	-	(13,008)	(3,539)	(16,547)
At 31 December 2019	194,329	-	76,617	278,575	2,801,633	3,351,154
Net book value						
At 31 December 2019	3,236,123	5,358,000	11,742	230,010	1,370,858	10,206,733
At 31 December 2018	3,177,764	5,145,250	32,755	195,528	1,121,076	9,672,373

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Tangible fixed assets (continued)

Company

	Heritable property £	Investment property £	Furniture & fittings £	Total £
Cost or valuation				
At 1 January 2019	3,211,212	5,145,250	307,088	8,663,550
Additions	124,240	-	31,670	155,910
Revaluations	-	212,750	-	212,750
At 31 December 2019	<u>3,335,452</u>	<u>5,358,000</u>	<u>338,758</u>	<u>9,032,210</u>
Depreciation				
At 1 January 2019	128,448	-	250,920	379,368
Charge for the year on owned assets	65,881	-	16,057	81,938
At 31 December 2019	<u>194,329</u>	<u>-</u>	<u>266,977</u>	<u>461,306</u>
Net book value				
At 31 December 2019	<u>3,141,123</u>	<u>5,358,000</u>	<u>71,781</u>	<u>8,570,904</u>
At 31 December 2018	<u>3,082,764</u>	<u>5,145,250</u>	<u>56,168</u>	<u>8,284,182</u>

The directors review the value of the investment properties regularly to ensure they are being recorded at fair value. At the year end, the directors' have assessed the fair value of the properties and have recorded a valuation which they feel reflects the fair value of the investment properties at the year end.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15. Fixed asset investments

Group

	Investments in associates £	Unlisted investments £	Total £
Cost			
At 1 January 2019	522,485	47,508	569,993
Share of profit/(loss)	34,070	-	34,070
At 31 December 2019	<u>556,555</u>	<u>47,508</u>	<u>604,063</u>

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost			
At 1 January 2019	100	47,508	47,608
At 31 December 2019	<u>100</u>	<u>47,508</u>	<u>47,608</u>

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Pharmacy Finance Limited	Dormant	Ordinary	100%
"Red Band" Chemical Company, Limited*	Dispensing chemist	Ordinary	100%
Bonnybridge Pharmacy Company Limited**	Dormant	Ordinary	100%
Woodside Pharmacy Ltd**	Dormant	Ordinary	100%

The above companies are registered in Scotland.

*"Red Band" Chemical Company, Limited is owned indirectly through Pharmacy Finance Limited.

*Bonnybridge Pharmacy Company Limited and Woodside Pharmacy Ltd are owned indirectly through "Red Band" Chemical Company, Limited.

Woodside Pharmacy Ltd is exempt from audit under section 479A of the Companies Act 2006 relating to subsidiary undertakings.

All of the subsidiary undertakings have been consolidated in the group financial statements.

Associates

The following were associates of the Company:

Name	Principal activity	Class of shares	Holding
Auto Carfields Limited	Dispensing chemist	Ordinary	45%
H.H.C.C. (Pharmacy) Limited	Dispensing of pharmaceutical goods	Ordinary	40%

The above companies are registered in Scotland.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16. Business combinations

On 2 September 2019, the company acquired the entire issued share capital of Woodside Pharmacy Ltd. Immediately subsequent to the acquisition the assets, liabilities and trading activity of Woodside Pharmacy Ltd were hived up, by way of an intra-group transfer, to "Red Band" Chemical Company, Limited. Details of the acquisition are set out below:

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Tangible fixed assets	33,920	33,920
	<u>33,920</u>	<u>33,920</u>
Stocks	62,530	62,530
Debtors	317,099	317,099
Cash at bank and in hand	556,657	556,657
Total assets	<u>970,206</u>	<u>970,206</u>
Creditors		
Due within one year	(281,264)	(281,264)
Deferred tax on differences between fair value and tax bases	(5,528)	(5,528)
Total identifiable net assets	<u>683,414</u>	<u>683,414</u>
Goodwill		2,370,393
Total purchase consideration		<u>3,053,807</u>

Consideration

	£
Cash	2,855,757
Deferred consideration	198,050
Total purchase consideration	<u>3,053,807</u>

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16. Business combinations (continued)

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	2,855,757
Less: Cash and cash equivalents acquired	556,657
Net cash outflow on acquisition	3,412,414

The goodwill arising on acquisition is attributable to pharmacy licences.

The results of Woodside Pharmacy Ltd since its acquisition are as follows:

	Current period since acquisition £
Turnover	649,677
Profit for the year	108,844

17. Stocks

	Group 2019 £	Group 2018 £
Finished goods and goods for resale	2,440,710	2,372,515

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Other debtors (note 33)	318,000	324,625	318,000	324,625
	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due within one year				
Trade debtors	3,373,534	3,273,008	-	-
Amounts owed by group undertakings (note 33)	-	-	4,014	4,014
Other debtors	304,579	306,091	-	7,255
Prepayments and accrued income	27,307	5,041	-	-
	3,705,420	3,584,140	4,014	11,269

19. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	1,572,510	2,704,762	105,609	178,445

20. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans (note 22)	667,733	593,956	-	-
Trade creditors	2,145,483	2,590,145	-	-
Amounts owed to group undertakings (note 33)	-	-	638,197	834,737
Corporation tax	171,077	374,743	84,827	170,163
Other taxation and social security	151,745	136,266	23,453	21,373
Other creditors	265,609	68,910	3,174	27,868
Accruals and deferred income	1,088,927	1,413,014	98,000	97,861
	4,490,574	5,177,034	847,651	1,152,002

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £
Bank loans (note 22)	6,680,575	6,356,203

22. Loans

	Group 2019 £	Group 2018 £
Amounts falling due within one year		
Bank loans	667,733	593,956
Amounts falling due 1-2 years		
Bank loans	672,593	589,640
Amounts falling due 2-5 years		
Bank loans	2,663,477	2,381,075
Amounts falling due after more than 5 years		
Bank loans	3,344,505	3,385,488
	<u>7,348,308</u>	<u>6,950,159</u>

The bank loan with a balance of £2,641,455 (2018 - £2,871,922) is repayable in monthly instalments over 15 years with a rate of interest based on a margin over base rate.

The bank loan with a balance of £2,373,368 (2018 - £2,586,558) is repayable in monthly instalments over 13 years with a rate of interest based on a margin over based rate.

The bank loan with a balance of £1,351,873 (2018 - £1,491,679) is repayable in monthly instalments over 12 years with a rate of interest based on a margin over base rate.

The bank loan with a balance of £981,612 (2018 - Nil) is repayable in monthly instalments over 12 years with a rate of interest based on a margin over base rate.

Secured loans

The bank borrowings are secured by a floating charge over the assets and undertakings of "Red Band" Chemical Company, Limited, along with a composite company unlimited multilateral guarantee given by Raimes, Clark & Company, Limited, "Red Band" Chemical Company, Limited, Bonnybridge Pharmacy Company Limited, Pharmacy Finance Limited and Raimes Clark Trust Limited.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

23. Financial instruments

Financial assets

Group

Financial assets that are debt instruments measured at amortised cost totalled £3,373,534 (2018 - £3,273,008) at the balance sheet date. This comprises trade debtors.

Company

The company had no financial assets that are debt instruments measured at amortised cost at the balance sheet date.

Financial liabilities

Group

Financial liabilities measured at amortised cost totalled £9,493,791 (2018 - £9,540,304) at the balance sheet date. This comprises the bank loans and trade creditors.

Company

The company had no financial liabilities that are debt instruments measured at amortised cost at the balance sheet date.

24. Deferred taxation

Group

	2019 £
At beginning of year	(858,354)
Movement in the year	(45,596)
Arising on business combinations	(5,528)
At end of year	<u>(909,478)</u>

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

24. Deferred taxation (continued)

Company

	2019 £
At beginning of year	(127,152)
Movement in the year	(27,378)
At end of year	(154,530)

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Short term timing differences	5,255	9,875	302	4,737
Accelerated capital allowances	(404,397)	(355,113)	(4,420)	(510)
On revaluation of property	(150,412)	(131,379)	(150,412)	(131,379)
On revaluation surplus of licenses acquired	(359,924)	(381,737)	-	-
	<u>(909,478)</u>	<u>(858,354)</u>	<u>(154,530)</u>	<u>(127,152)</u>

The net reversal of deferred tax liabilities to occur during the year to 31 December 2019 is expected to be insignificant.

25. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
11,821 (2018 - 11,821) Ordinary shares of £1.00 each	<u>11,821</u>	<u>11,821</u>
The share capital has full voting and capital distribution rights.		

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

26. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Revaluation reserve

This reserve records the surplus on revaluation of the group's property, net of the deferred tax relating to the revaluation (note 27).

Capital redemption reserve

This reserve is as a result of the repurchase of the company's own shares.

Profit & loss account

This reserve includes all current and prior period retained profits and losses.

27. Revaluation reserve

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
At 1 January 2019	3,914,470	3,798,056	3,914,470	3,798,056
Fair value adjustment	212,750	182,750	212,750	182,750
Depreciation charged on revalued assets	(64,224)	(64,224)	(64,224)	(64,224)
Removal of revaluation element on disposal	-	20,000	-	20,000
Deferred tax movement on revalued assets	(19,034)	(22,112)	(19,034)	(22,112)
At 31 December 2019	4,043,962	3,914,470	4,043,962	3,914,470

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

28. Share based payments

Under the terms of the Share Option Scheme, the Board may offer eligible employees options over ordinary shares of the company. These are exercisable by the option holder serving an option notice on the company. Options lapse by the end of the exercise period, on the 10th anniversary of the grant date, on the 1st anniversary of the option holder's death, upon the option holder ceasing to be an employee or director of the group, upon the option holder becoming bankrupt, in the event of a takeover 6 months after the event, or 40 days after the occurrence of a disqualifying event.

Options that existed during the year were as follows:

	Weighted average exercise price (pence) 2019	Number 2019	Weighted average exercise price (pence) 2018	Number 2018
Outstanding at the beginning of the year		494		554
Exercised during the year		(80)		(60)
Outstanding at the end of the year	731.88	414	723.89	494

No expense has been recognised for share-based payments during the year (2018 - £nil) as the amounts involved are not considered to be significant.

29. Purchase of own shares

During the year the group advanced funds to enable the EBT to purchase 25 (2018 - 80) £1 Ordinary shares for a total consideration of £51,250 (2018 - £153,000). The total percentage of issued share capital held in the EBT at the year end is 5.2% (2018 - 5.7%).

30. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £471,292 (2018 - £373,349). There were £37,599 (2018 - £56,698) contributions payable to the fund at the balance sheet date.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

31. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	70,549	67,631
Later than 1 year and not later than 5 years	277,432	267,397
Later than 5 years	466,334	491,651
	<u>814,315</u>	<u>826,679</u>

32. Future minimum lease receipts under operating leases

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	119,595	129,972	119,595	129,972
Later than 1 year and not later than 5 years	295,191	331,175	295,191	331,175
Later than 5 years	941,750	156,250	941,750	156,250
	<u>1,356,536</u>	<u>617,397</u>	<u>1,356,536</u>	<u>617,397</u>

33. Related party transactions

During the year, Auto Carfields Limited made purchases from the group in the normal course of business amounting to £359,132 (2018 - £382,031) which were at normal commercial rates and no preferential terms were given. Mrs M E Cumming (shareholder in the company) owns 55% of the share capital of Auto Carfields Limited.

Included within other debtors (note 18) is £240,000 (2018 - £245,000) due from the directors and secretary of the company. These loans are secured on the value of the shares to which they relate and are repayable if the individual leaves the group, no later than 14 September 2033, or on such earlier dates that may be agreed between the individual and the group. Interest is charged at the higher of the HMRC beneficial loan rate (currently 2.5%) or 0.25% per annum (the margin) over the group's borrowing rate from its bankers.

Advantage has been taken of the exemption provided by FRS 102 Section 33 "Related Party Transactions" whereby disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

RAIMES, CLARK & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

34. Post balance sheet events

On 30 January 2020, the World Health Organization (WHO) declared COVID-19 as a 'Public Health Emergency of International Concern'. The Directors have considered the impact of the outbreak within the Strategic Report on page 3. The Directors do not consider any adjustments to the reported financial information to be required in relation to this and no post balance sheet events as a result have been identified. The going concern basis of preparation is considered appropriate for the preparation of the financial statements as per note 2.4.

35. Controlling party

In the directors' opinion the group has no ultimate controlling party.