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Aurelius Crocodile Limited
Registered number 12867781

Annual report and financial statements
for the year ended 31 March 2024

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COMPANY INFORMATION

Directors	M Cryer D Mueser D Alldread (appointed 2 September 2024)
Registered number	12867781
Registered office	6th Floor 33 Glasshouse Street London W1B 5DG

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Strategic report

The directors present their Strategic Report for the year ended 31 March 2024.

Principal activities

Aurelius Crocodile Limited's (the "Company" and together with the subsidiaries, collectively referred to as the "Hallo Healthcare Group" or the "Group") principal continuing activities in the year ended 31 March 2024 included wholesaling primarily through AAH Pharmaceuticals Limited, ("AAH"), operation of outpatient dispensing pharmacies through LP HCS Limited, patient homecare through Lloyds Clinical Limited (formerly Lloyds Pharmacy Clinical Homecare Limited), ("LCL"), and digital solutions through Expert Health Limited ("Lloyds Online Doctor").

Review of the business

Aurelius Elephant Limited, a subsidiary of the Company and owned by Aurelius asset management group ("Aurelius"), purchased Admenta UK Limited ("AUL") and its subsidiaries from McKesson Corporation on 6 April 2022. More details about the acquisition are provided in note 4.

These financial statements present the results for the year ended 31 March 2024 and therefore commentary referring to 'this year' relates to the year ended 31 March 2024.

Continuing operations: The Group's revenue for the year, as shown in the Consolidated Income Statement amounted to £4.7 billion (31 March 2023: £4.5 billion). The Group's operating profit was £19.8 million (31 March 2023: £3.8 million). The Group's "Adjusted EBITDA" as reconciled on page 7 was £97.9 million (31 March 2023: £63.3 million). The operating profit of £19.8 million (31 March 2023: £3.8 million) was after charging the restructuring and exit charges amounting to £34.1 million (31 March 2023: £12.2 million). Further review of the Group's continuing operations is discussed on pages 5-14.

The shareholder's equity has decreased year-on-year as a result of the dividend payments by the parent company during the year, which is higher than the profit for the year.

Discontinued operations: The profit of £355.3 million (31 March 2023: £58.0 million) from discontinued operations was driven by the £411.9m (31 March 2023: £59.7m) gain on sale of discontinued operations and is net of the restructuring and exit charges which amounted to £25.1 million (31 March 2023: £19.8 million).

The Consolidated Income Statement, as set out on page 25 shows a profit of £354.6 million for the year (31 March 2023: £74.2 million). This is primarily due to the gain on sale of stores and fixed assets amounting to £411.9 million (31 March 2023: mainly related to gain on bargain purchase on acquisition of Admenta UK Limited and its subsidiaries, amounted to £308.3 million and £59.7 gain on sale of stores and fixed assets). The results of the discontinued operations, which have been included in the profit for the year 2024 and 2023, are set out in note 3.

The Consolidated Statement of Financial Position is consistent on a like-for-like basis, with the key movements being attributable to the sale of the retail business discussed below (£188m assets held for sale and £132m associated liabilities) as well as disposal of intangibles related to the discontinued operations. The Group repaid its existing borrowings and entered into a new Asset Backed Loan, further details are provided in the Going Concern section of the Directors' Report. The Company also undertook a capital reduction during the year in order to provide greater flexibility for the development of shareholders' funds.

In November 2023, Diamond DCO One Limited (formerly Admenta Holdings Limited), along with its subsidiaries Diamond DCO Two Limited (formerly Lloyds Pharmacy Limited), Diamond DCO Three Limited (formerly G J Maley Limited), Stephen Smith Limited and Savory and Moore (Jersey) Limited were sold out, as Hallo Healthcare Group successfully completed the divestment process of the retail pharmacies (as per the retail store optimisation programme). As disclosed in note 4, a gain on bargain purchase was recognised during the prior year reflecting the opportunity to acquire the business from an outgoing player in the UK market and a limited buyer universe. The Group's main priority during the divestment was to keep branches open so that patients would continue to have access to their local pharmacies, as well as ensuring continued employment for the pharmacy employees.

The Group is pleased with a successful sales strategy which involved the pharmacies being acquired either individually or in regional packages by independent pharmacy owners or local entrepreneurs and saw over 6,500 former employees secure employment in over 1,000 community pharmacies. The sale generated cash proceeds of approximately £0.5bn in what is a challenging time for the high street and community pharmacy sector.

Strategic report *(continued)*

Review of the business (continued)

In October 2023, the Group completed the sale of Metabolic Healthcare Limited (trading as Lloyds Direct) to Pharmacy2U.

In parallel Hallo Healthcare Group continued to restructure, optimise and decentralise the remaining four business units, resulting in a cash-positive Group.

Hallo Healthcare Group has retained ownership of the Healthcare Services business through a carve-out from Lloyds Pharmacy Limited to LP HCS Limited, which serves patients in NHS hospitals, prisons, community health trusts and the private sector.

Aurelius plans for Hallo Healthcare Group are to strengthen the standalone activities of the individual business units over the next twelve months, these business units being.

- Wholesale – AAH and subsidiaries;
- Homecare – LCL;
- Lloyds Online Doctor;
- Lloyds Healthcare Services.

Wholesale

The wholesale pharmaceutical market is competitive. Our customers are adapting to challenging reimbursement levels which result in pressure being put on wholesalers to evolve their value proposition. This is also changing general practitioner prescribing patterns as we are seeing a reduced level of prescriptions and growth in generic medications and over the counter products.

In August 2023, as part of a business restructuring program aimed at strengthening and establishing the individual business units as standalone entities, AAH Pharmaceuticals Limited acquired Barclay Pharmaceuticals Limited and Pharmagen Limited, completing the wholesale portfolio alongside Sangers NI Limited and Primabrands Limited. Additionally, the joint venture entity, Pharma Services NI Limited, ceased trading in December 2023, as the business transitioned to direct commercial terms between AAH Pharmaceuticals Limited and the joint venture partner. These strategic acquisitions are intended to streamline operations and expand the product portfolio within the Wholesale Group (comprising AAH Pharmaceuticals Limited and its subsidiaries). The Wholesale business unit continues to maintain a strong market position with modest growth. Revenue increased due to the focus on developing relationships with the new 3rd party owners of ex-Lloyds pharmacies following completion of the Group's divestment of Lloyds Pharmacy stores during the year. Net profit for the year has increased by 11% due to a more profitable customer mix and stronger product category margins. This has been supported by the actions taken by the Company to mitigate inflationary pressures during the year.

Homecare

The Homecare business unit is likewise experiencing continued growth, driven by increasing patient numbers (3%), expanded service offerings and growth in nurse and compounded drug services. Significant investments in digital technology have positioned the business for its next phase of growth. Revenue for the year has grown by 2%, with Adjusted EBITDA rising by 198% due to investment in digitisation improving operational efficiency and scalability, reducing costs and enhancing profitability.

Online Doctor

During the year the business unit acquired its volume pharmacy dispensing and dispatch operation LPOD RX from Lloyds Pharmacy. This secures the dispensing capability following the sale of the Lloyds stores.

In the year ended 31 March 2024, Expert Health Limited (trading as Lloyds Pharmacy Online Doctor) delivered an increase in revenues of 3.6%, from £25,419,000 to £26,325,000 and an increase in operating profit from an operating loss of £402,000 to an operating profit of £1,319,000. The increase was mainly due to a one-this off increase in distribution costs in 2023 relating to the closure of VideoGP. The company will continue to drive its proposition forward through new initiatives centred around commercial partnerships and delivering new online services to treat additional medical conditions.

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Strategic report *(continued)*

Review of the business (continued)

Healthcare Services

The Lloyds Healthcare Services business unit has been successful following trade transfer to LP HCS Limited and is showing marginal volume growth from existing contract base.

Subsequent to the year end, the decision has been taken to exit from the LP HCS business. The Group's main priorities are to ensure a continued patient experience at the highest standards of safety and service. The Group anticipates the divestment to be completed during FY25 and expects a LP HCS Limited to contribute a modest loss to the Group due to restructuring costs, with insignificant exit costs expected.

Future developments

All these business units have defined, as part of the annual budgeting process, further efficiency enhancement programmes for the next financial year.

Hallo Healthcare Group expects to maintain a positive Adjusted EBITDA in the year ended 31 March 2025 following the divestment of the retail stores, the sale of Metabolic Healthcare Limited in October 2023 and continued overhead optimisation. However, cost and market dynamics will continue to be a challenge and need to be closely monitored by the Group.

In August-December 2023, a group simplification project was implemented, targeted at reducing the number of non-operational entities within the Group, resulting in a much leaner and efficient group structure reflecting the steering approach of four independent business units. At the same time the Group completed all relevant carve-out projects to be truly operationally standalone from McKesson Europe. In addition, a new Asset Backed Loan of up to £275m was agreed in September 2023 to ensure the future financial stability of the Group for the next 3 years. £25m was drawn down on this loan at the reporting date, further details on the terms of the facility are disclosed in the going concern section of the Directors' Report.

Key performance indicators (KPIs)

The board monitors the Group's progress in implementing its strategy by reference to a suite of key performance indicators.

The key financial metrics for the Group are provided in the table below:

	31 March 2024 £m	31 March 2023 £m	Change
Turnover from continuing operations	**4,705**	4,521	4.1%
Profit / (loss) for the year	**355**	74	379.7%
Adjusted EBITDA (continuing operations)	**98**	63	55.6%
Shareholder's equity	**94**	127	(26.0%)

These are discussed further below. Non-financial metrics are included in the non-financial and sustainability information statement on pages 9-13.

Turnover

The Group's revenue for the year, as shown in the consolidated income statement amounted to £4.7 billion (31 March 2023: £4.5 billion). This is primarily due to an increase in turnover in the wholesale group. Key drivers behind the business unit revenues are discussed in the review of the business section above.

Profit for the year

The Group generated a profit of £354.6 million for the year. This is mainly due to the gain of £411.9 million on sale of stores and fixed assets and a gain of £37.0 million on sale of subsidiaries. This gain arises from the successful sales strategy relating to the retail pharmacies as discussed in the review of the business. (31 March 2023: profit of £74.2 million).

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Strategic report *(continued)*

Key performance indicators (KPIs) (continued)

Adjusted EBITDA

Adjusted earnings before interest, income tax, depreciation, and amortisation ("Adjusted EBITDA") is defined as profit before interest, income tax, depreciation, amortisation and certain one-off items as explained below. The Group believes adjusted EBITDA to be a key indicator of underlying operational performance, adjusting operating profit for several non-cash items and other items deemed not to have an impact on the sustained operating performance of the business. Adjusted EBITDA is an appropriate measure since it represents to users a normalised, comparable operating profit, excluding the effects of the accounting estimates, non-cash items and non-recurring items as mentioned below. The definition for adjusted EBITDA as defined above is consistent with the definition applied in previous years. This measure is not defined in UK adopted International Accounting Standards, which forms the basis of the presentation of these financial statements. Since this is an indicator specific to the Group's operational structure, it may not be comparable to adjusted metrics used by other companies. Adjusted EBITDA is not intended to be a substitute for metrics determined in accordance with UK adopted International Accounting Standards. It has been reconciled to the operating profit below:

	31 March 2024 £m	31 March 2023 £m
Operating profit from continuing operations	**20**	4
Depreciation of property, plant and equipment	**23**	26
Amortisation of intangible assets	**19**	21
Impairment of property, plant and equipment	**2**	-
Restructuring and exit charges	**34**	12
Adjusted EBITDA (continuing operations)	**98**	63

During the year, the Group has decentralised its support centre and implemented business unit reporting. This project was focussed on strengthening business opportunities and improving patient experience. In such a heavily regulated industry, patient safety is of utmost importance to the Group, and having a separate Board of Directors in each business unit improves governance and decision-making for the benefit of all stakeholders. This project commenced during the year and was completed towards the end of the financial year, and was a key driver for the increased level of Adjusted EBITDA.

Shareholder's equity

Shareholder's equity at 31 March 2024 decreased to £94.3 million compared to £126.6 million at 31 March 2023. This is due to the profit for the year of £354.6 million and dividends payment of £387.9 million. The dividends were paid out of the proceeds from the divestment of the retail pharmacies. The Company also undertook a capital reduction during the year in order to provide greater flexibility.

Principal risks and uncertainties

The Group is subject to a number of key risks. Risks are formally reviewed by the boards of these entities and appropriate processes are put in place to monitor and mitigate them. The principal risks and uncertainties include:

Regulation and government

The Group operates in highly regulated markets; any changes to those requirements or noncompliance could have a negative impact on business performance. For example, we are subject to a range of regulations around pricing margin traceability and storage conditions, inflation (including minimum wage requirements), data, privacy regulations, workforce tax frameworks (including those applicable to healthcare providers and the workforce), health, safety and environmental standards. This includes regular inspections by the Care Quality Commission ("CQC"), the Scottish Care Inspectorate, NHS Improvement, the General Pharmaceutical Council, the Information Commissioner's Office, the MHRA and the Home Office in respect of our clinical homecare activities and our licensing to buy, sell and distribute medicines within the UK.

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Strategic report *(continued)*

Principal risks and uncertainties (continued)

The Group is implementing mitigating actions including policies, ways of working and training across a range of areas (including data protection and monitoring) and continues seeking clarification from the government regarding ongoing negotiations to enhance the trading agreement.

Competition

The Group operates in a market which is highly competitive, particularly around price, service levels, product availability, enhancing services, pricing to customers and vendors and ease of doing business. There is also competition around recruiting and retaining talent and also downward pressure on margins with the additional risk that the Group will not meet customer expectations. To mitigate these risks, the Group monitors the market to understand customer and supplier expectations, identify whether their needs are being met and to evolve and enhance its value proposition and service offering to remain competitive.

Cost management

The Group may face increased costs in several ways including poor management of change programs, sub optimal purchasing from vendors, failure of systems that impact our operations and costs of hiring and retaining talent. The Group has implemented a robust programme of talent management, purchasing processes and controls, as well as oversight from its board on strategic matters.

As part of Lloyds Pharmacy divestment programme by our shareholder, the business had to be mindful of the need to flex the cost base in response to a reduction in overall volumes through its distribution network as well as the impact of lower activity levels across the wider cost base. In addition, the year has been marked by high levels of inflationary cost pressures. Consequently, a number of initiatives have been successfully implemented to address these challenges and maintain a cost effective and competitive cost base.

IT and cyber security

The Group is aware of its IT and cyber risks and their potential to disrupt the business and that of its customers. An IT outage or cyber security incident could affect the Group's operational performance or reputation through an inability to process customer orders, operate its warehouses, dispatch goods, and subsequently invoice customers for goods delivered. The Group continues to invest in its IT infrastructure as part of its plan to manage and reduce these risks to acceptable levels.

Financial risk management

The Group is exposed to a variety of financial risks, which include liquidity, credit, foreign currency, and interest rate risks. The Group has employed a programme that seeks to manage and limit any adverse effects of these risks on the financial performance of the Group, which are described in more detail below.

The directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board, although use is made of a central treasury function which arranges the overall funding requirements of the Group. This central function operates within a framework of clearly defined policies and procedures which have been approved by the directors and reports to the board on a monthly basis. The policies approved by the board cover funding and hedging instruments, exposure limits and a system of authority for the approval and execution of transactions.

Liquidity risk

This is the risk of the Group failing to meet its financial obligations as a result of insufficient cash being available. This risk comes from unexpected cash outflows or expected inflows that may not materialise. Cash flow requirements are monitored through projections which are compiled on a periodic basis across the Group. The Group participates in the banking arrangements, which are arranged with the assistance of the central treasury function. The Group funds its operations through a mix of retained earnings, borrowings and leasing that is designed to ensure that each company within the Group has sufficient funds for its day-to-day operations and other activities. The Asset Backed Loan agreement is the key source of financing the cash requirements of the Group.

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Strategic report *(continued)*

Financial risk management (continued)

Credit risk

In the course of the Group's business, trade and other receivables, and other financial assets at amortised cost are exposed to the credit risk of its counterparties. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The finance and sales teams also liaise with customers on a regular basis to ensure that key issues are identified at an early stage.

Foreign currency and interest rate risks

The Group is engaged in international businesses through investments and financial transactions. Consequently, the Group is affected by foreign currency risk and uses instruments from time to time to manage this risk. The Group also has both interest-bearing assets and liabilities, these being managed within the Group.

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

This statement describes how the directors complied with section 172(1) (a)-(f) of the Companies Act 2006 to promote the success of the Group for the benefit of its stakeholders.

The nature of our highly regulated business requires that we consider the long-term consequences of our decisions. Our shareholders have invested capital to drive shareholder value. The Directors' report describes the board's role in managing the business, our reputation, risks and balancing stakeholder needs for the long-term. The Group's other key stakeholders are as follows:

Customers and suppliers

We build strong relationships with our customers and suppliers to promote mutually beneficial, sustainable long-term profit growth. Engagement with customers and suppliers is primarily through formal reviews, as well as regular conferences that bring suppliers and customers together to discuss shared concerns. Key areas of focus include close coordination to ensure availability of product in a safe and secure supply chain and innovation and expanding e-commerce to automate the supply chain and supporting prompt payment. The board is briefed on customer and supplier metrics and feedback, opportunities and issues through regular board and management meeting reporting.

Colleagues

Our people play a crucial role in implementing our strategy, with many of them dedicated to serving our customers and suppliers all while embodying our shared ICARE principles.

There are many ways we engage with and listen to our people including employee surveys, conferences, and forums including huddles and Town Halls where colleagues can interact with our Chief Executive Officer, receive updates on strategic initiatives, and acknowledge and celebrate outstanding performance.

We are committed to creating a culture where everyone feels heard, valued, and empowered to contribute their ideas. We promote a diverse and inclusive workforce through thorough hiring procedures, training for managers, support networks to encourage a sense of belonging and understanding, as well as opportunities for employees to provide feedback on policies and processes.

The health and wellness of our colleagues is of great importance, and we provide support in all aspects of life, including physical, mental, and financial health. This includes offering employees' access to an extensive range of health and wellbeing resources, such as The Health Assured website and app which is a dedicated online health and wellbeing portal, providing 24/7 access to wellbeing support.

Employees are actively encouraged to voice any concerns they might have. We have established a Whistleblowing Policy and a confidential reporting line, which allows employees to raise their concerns confidentially and without the fear of facing negative consequences or retaliation.

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Strategic report *(continued)*

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

Our commitment to safety and inclusivity extends to collaborating with trade unions to ensure that we create a secure and welcoming workplace for all.

The board receives reports on opportunities and concerns raised by colleagues through regular board, committee, and management meeting reporting.

Employment of disabled persons

Wherever possible, disabled persons are given the same consideration for employment opportunities as other applicants and training and promotion prospects are identical. Special consideration is given to continuity of employment in the case of an employee who becomes disabled, with suitable retraining for alternative employment, if practicable.

Government and regulators

We operate in a highly regulated industry, and patient safety is critical. Government entities, including the Department of Health, determine reimbursement levels for the supply chain, including ourselves. We engage with the government and regulators through sector organisations such as the Healthcare Distribution Association, the National Clinical Homecare Association and the Pharmaceutical Services Negotiating Committee. We also independently engage with stakeholders by responding to consultations, and participate in forums to inform about, educate on and discuss changes to the sector with policy makers.

Key areas of engagement include educating relevant stakeholders around the impact of changes in laws and regulations on the supply chain. The board is updated on developments through regular board and management meeting reporting on developments and takes these into account when making decisions.

Communities and the environment

We engage with local communities to build trust and understand the issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit, help to look after the environment (refer to the Directors' report) and engage with communities through social media.

Key decisions made in the year

As discussed in the business review, the Directors made the decision to divest out of the loss-making retail pharmacy business and successfully completed the sale of pharmacies to independent pharmacy owners or local entrepreneurs. The Directors balanced their responsibilities to all stakeholders in making the decision, ensuring continuity of employment for pharmacy employees, avoidance of pharmacy closures, uninterrupted service for patients and maximising value for shareholders.

The Directors decided to re-finance, with the Group paying off its existing loan facility and entering into a new Asset Backed Loan facility. This provides the Group with greater flexibility to seize opportunities for the benefit of all stakeholders.

The Directors also completed an internal reorganisation project during the year, which has seen the Group move to individual business unit reporting, with each business unit having its own Board of Directors. This has improved governance and enhanced the ability of each business unit to improve its operations, particularly in respect of patient safety and service, which is of utmost importance to the Directors.

Non-financial and sustainability information statement

The Group recognises the significant impact that climate-related risks and opportunities (CRROs) may have on the Group's business and wider society. This report details our climate-related disclosures in respect of governance, identification and management of risks and opportunities.

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Strategic report *(continued)*

Non-financial and sustainability information statement (continued)

Governance

Aurelius Crocodile's Statutory Board of Directors is composed of Aurelius Directors and senior leaders. The Board is supported by the Aurelius Supervisory Committee, which meets monthly to review business performance across the Group. The Supervisory Committee operates in an advisory capacity only and is not responsible for any decision-making. It helps to provide the Board with oversight of the most significant risks to business performance, including climate-related, through regular consultation with the Admenta UK Limited (AUL) Statutory Board of Directors.

AUL is a subsidiary of Aurelius Crocodile. Most of the Group's governance processes are driven by AUL, with only the most critical risks escalated to Aurelius Crocodile through the Aurelius Supervisory Committee. The AUL Board meets quarterly, with standing attendees including AUL Directors, the General Counsel, and the Governance and Compliance Manager. The AUL Board provides overall strategic direction, oversight, and accountability for sustainability matters (including climate-related issues) across the Group. In future, progress against goals and targets for addressing climate-related issues will be integrated into the standing agenda as each subsidiary develops their respective climate strategies.

Based on business specific needs, each subsidiary has adopted its own approach to how sustainability-related issues, including climate change, are integrated within its governance structure. These approaches have ensured that relevant persons, committees or teams have been assigned responsibilities for identifying, assessing and managing climate-related risks and opportunities at the subsidiary level, with the Chief Executive Officer for each subsidiary then holding overall accountability for escalation to AUL and above. Each subsidiary has also set regular cadences for considering climate-related issues within the business, both at the committee or team level and Board level, with reporting to AUL then occurring at least quarterly.

Management of risks and opportunities and integration of risk management processes

As mentioned above, climate-related risks and opportunities are currently identified, assessed and managed at the subsidiary-level, and then reported up through the Group via respective governance structures. This is the first year of completing a climate-related risk identification exercise across the Group, which, going forward, will be refreshed each year by Aurelius Crocodile in preparation for complying with the UK Climate-related financial disclosure regulation (UK CFD) requirements. This will build on any interim assessments undertaken by each subsidiary as part of their own risk identification processes.

The exercise conducted this year has focused on identifying the most critical issues for each subsidiary and ensuring that these are recognised and addressed by their Executive Leadership Teams. The process, which an independent consultant supported, used qualitative scenario analysis to evaluate climate-related risks and opportunities across each subsidiary's value chain, focusing on business models and strategies through the lenses of different climate scenarios and broader macro drivers. Risks and opportunities were assessed using likelihood and impact thresholds from the subsidiaries' internal risk management frameworks, where available, and relevant short-, medium- and long-term future time periods. There has also been consideration given to the measures in place or that could be implemented by each subsidiary to respond to the most material issues identified, and each will consider setting annual targets and metrics for managing and tracking progress against these. In line with the UK CFD requirements, this scenario analysis will be renewed at least every three years, or when there is a significant change in a subsidiary or new developments in climate science and predictions.

Climate-related scenarios

Aurelius Crocodile has conducted a qualitative physical and transition scenario analysis to evaluate the materiality of the identified climate-related issues and prioritise the most significant issues across the Group. Likelihood and impact ratings were used to evaluate climate-related risks and opportunities for each subsidiary, with impact here primarily focusing on potential financial impacts for the purposes of this financial disclosure. For the larger subsidiaries, AAH and LCL, rating systems from internal risk management frameworks were used to assess climate-related issues. This means that 'material' climate-related risks or opportunities for these subsidiaries are defined in the same way as all other enterprise risks, helping to integrate climate into their broader risk frameworks and everyday risk management processes.

In line with UK CFD requirements, short-term (2027), medium-term (2030 to 2032), and long-term (2040 to 2045) time horizons were defined to assess each subsidiary's climate-related risks and opportunities.

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Strategic report *(continued)*

Non-financial and sustainability information statement (continued)

Material climate-related risks and opportunities identified

Climate-related transition risks

Transition risks entail challenges linked to the shift toward a low-carbon economy, for example shifts in government policy, technology and market dynamics.

Risk / Opportunity	Impact on business models and strategies	Time horizon	Resilience and mitigation across the Group
Technology			
Risk	High costs and technological barriers for subsidiaries associated with transitioning fleets to EVs. Possible investment risks related to physical space and charging infrastructure required to support fleets.	Short to Medium	• Subsidiaries are working with vehicle leasing manufacturers to understand and trial the suitability of EVs. • Aurelius Crocodile will support its subsidiaries to reduce fleet emissions in the shorter term through route optimisation and promoting the use of lower-carbon transport. • Investments into onsite energy will be considered where needed to meet EV fleet demands.
Opportunity	Technology moves at a speed where EVs increase in mileage capacity and come down in both price and power charge requirements.	Medium to Long	
	Longer-term property strategies for subsidiaries focused on upgrading aged assets and optimising the size and location of buildings for both employee commuting and distribution activities.	Long	• Although this is a longer-term opportunity, the Group will take initial steps to determine appropriate strategies. This may include reviewing homeworking policies to optimise office sizes and determining locations for centralising warehouses or distribution centres.
Policy			
Risk	Sudden changes to legislation, for example, packaging or sustainability requirements, increase the cost of finished goods for the Group's subsidiaries.	Medium	• Increased costs can be passed through to the customer and will be tracked by subsidiaries to determine the best strategy for this. • Each subsidiary monitors changes in UK/EU legislation and can engage with its supply chain on these.
Market			
Risk	Subsidiaries face increasing costs associated with servicing their contracts, particularly as requests for sustainable practices and reporting increase.	Short to Medium	• All subsidiaries with public contracts have implemented and publicly disclosed a Carbon Reduction Plan, which currently meets most requirements. • The Group will record additional requests within contracts to identify other focus areas (e.g., water, waste, reporting).
	Manufacturers and suppliers do not engage with the low carbon transition and move to low carbon strategy and processes at a slower rate than subsidiaries, impeding the Group's progress on Net Zero targets.	Short	• Subsidiaries have started to engage with upstream and downstream stakeholders (suppliers, customers) on sustainability, which can support progress on Net Zero. • Subsidiaries are working on their respective strategies to implement new processes and services to achieve carbon savings. This has included trials with select customers to determine appetite for lower carbon offerings. Customer sentiments will be tracked over time to understand the potential for this opportunity to evolve in the longer term.
Opportunity	Customers increasingly factor climate into decisions and are open to changes to the subsidiaries' processes and services, allowing for lower costs and emissions reductions.	Medium to Long	

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Strategic report *(continued)*

Non-financial and sustainability information statement (continued)

Risk / Opportunity	Impact on business models and strategies	Time horizon	Resilience and mitigation across the Group
Legal and reputational			
Opportunity	As part of employee proposition, sustainability is integral to attracting and retaining talent. Sustainability initiatives implemented by subsidiaries could attract new talent and facilitate new partnerships with suppliers or customers.	Short	• All subsidiaries with public contracts have implemented and publicly disclosed a Carbon Reduction Plan. Emissions measurement and reporting will be further developed across the Group in FY25. • Subsidiaries are referencing environmental commitments in other external collateral and supporting employees to benefit from other environmental initiatives.

Climate-related physical risks

Physical risks are those associated with the impacts of climate change. They can be classified as chronic or acute, with one-off events such as storms or floods being considered acute. In contrast, ongoing changes like increasing annual mean temperatures or rising sea levels fall under the chronic category.

Risk	Time horizon	Impact on business models and strategies, including resilience and mitigation
Floods	Medium	Aurelius Crocodile's subsidiaries are exposed to impacts from physical risks across their operations, including disruption to upstream and downstream supply chains and direct damage to infrastructure and equipment. Aside from potentially affecting costs, revenues and asset values, the supply of medicines to patients could also be impacted. Historically, the Group has been exposed to impacts from some physical risks, and increasing trends with climate change could lead to further problems. These may be exacerbated by occurring in parallel with changes in product types (i.e., more temperature-sensitive drugs) and product shortages due to shifting supply and demand. Based on scenario analysis conducted across critical UK sites within the Group (limited to AAH and LCL), the most significant issues, based on future trends alone, are indicated as flooding and storms (with results shown to the left). Some of the key risks discussed with stakeholders at each subsidiary included: • Extreme weather events leading to disruption or damage to either sites or transport (used directly by the subsidiary, or third-party, such as couriers), resulting in downtime, additional costs, and potentially stock write-offs • Increasing weather events affecting global manufacturers and disrupting the supply of stock to sites • Investment risks associated with upgrading infrastructure, such as HVAC systems, to maintain operational requirements under future climate change The Group is considered resilient within the selected climate-related scenarios; however, mitigation measures will be reviewed and upgraded where needed with future trends in mind. Some of the measures already implemented by subsidiaries include: • BCPs for different services and sites, covering various failure triggers relevant to climate • Regular maintenance schedule for buildings and fleets, including temperature and cold store testing • Stop work procedures and monitoring to mitigate health and safety risks during extreme weather events • Processes for managing stock shortages and prioritising the most critical customer deliveries
Storms	Short	

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Strategic report *(continued)*

Non-financial and sustainability information statement (continued)

Metrics and targets

Aurelius Crocodile's impact on climate change is less significant than the impact of its subsidiaries, however, it recognises the need to play its part in reducing GHG emissions. With this considered, the company measures and reports on its emissions annually and identifies operational improvements across the portfolio to improve energy management and increase how much is recycled. Based on the material climate-related issues identified during this year's assessment, Aurelius Crocodile will aim to work with its subsidiaries to develop key performance indicators for other relevant topics for the Group, including energy, water and other physical risk exposures, land use, and waste management.

As suppliers to the NHS, three of Aurelius Crocodile's subsidiaries (AAH, LCL and LP HCS) have set Net Zero targets aligned to the NHS' 2045 target, and other associated metrics and targets where necessary, as part of their own Carbon Reduction Plans. These have been completed in accordance with PPN 06/21. Although Expert Health is not subject to these requirements, it recognises the importance of being a responsible business, and Aurelius Crocodile will support it to improve its approach to the environment where needed.

To track progress against the Group's decarbonisation commitments, Aurelius Crocodile measures and reports annually on its GHG emissions from Scope 1 and 2 electricity, gas and transport, under the Streamlined Energy and Carbon Reporting (SECR) regulations. An overview of these emissions is provided in the Directors' Report. Outside of SECR reporting requirements, the next step for the company will be to improve its understanding of the Group's Scope 3 (value chain) emissions. This will be developed over the next year as its subsidiaries continue to collate data on Scope 3 categories, which, at a minimum, will include the subsets of emission sources or activities required within the published reporting standard for Carbon Reduction Plans. AAH and LP HCS have already met these requirements and will strive to expand reporting on other Scope 3 categories, whilst LCL will work to establish a full baseline carbon footprint (including Scope 3) with support from an independent consultant.

This report was approved by the board of directors on 21 December 2024 and signed on behalf of the board by:

DocuSigned by:
Dominik Mueser
391481C5A27547D...

D Mueser
Director

Registered office:
6th Floor
33 Glasshouse Street
London
W1B 5DG

United Kingdom

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Directors' report

The directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2024.

Results and dividends

The results for the year are set out on page 25. During the year, the Group paid dividends of £387.9m (2023: £Nil). After the year end, directors approved dividend distributions to the shareholders and paid dividends in the amount of £59 million.

Financial instruments

Financial instruments of the business are detailed in the Strategic Report and note 24 of the financial statements.

Directors

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

M Cryer
D Mueser
D Alldread (appointed 2 September 2024)

Qualifying third party indemnity provisions

Liability insurance, a qualifying third-party indemnity provision for the purposes of the Companies Act 2006 was provided for the UK directors by Admenta UK Limited. On the date of approval of the financial statements, liability insurance was also in force.

Donations

There were no political or charitable donations made in the year (2023: none).

Future developments

Future developments of the business are detailed in the Strategic Report.

Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. There are many ways we engage with and listen to our people including employee surveys, conferences, and forums including huddles and Town Halls where colleagues can interact with our Chief Executive Officer, receive updates on strategic initiatives, and acknowledge and celebrate outstanding performance.

We are committed to creating a culture where everyone feels heard, valued, and empowered to contribute their ideas. We promote a diverse and inclusive workforce through thorough hiring procedures, training for managers, support networks to encourage a sense of belonging and understanding, as well as opportunities for employees to provide feedback on policies and processes.

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Directors' report *(continued)*

Statement of Corporate Governance Arrangements

The Board of Directors (the "Board") is responsible for driving the strategy of all subsidiaries of the Group. Within a framework of effective governance, accountability and transparency, the Board must have regard to the interests of its shareholders, colleagues, patients and customers, suppliers and the wider community, in the way in which decisions are considered, made and executed.

The Board has ensured that there remains in place a robust governance framework to support appropriate and transparent management and decision-making processes both at the Group level, and across all of the business units and subsidiaries within the Group. This framework enables the Board to be assured of the quality of its services, and of the effectiveness with which the Board is alerted to risks to the achievement of its overall purpose and priorities. This understanding is underpinned by our internal policy framework which ensures that the way in which we operate is fully aligned with the expectations of our shareholders and is based on the Wates Corporate Governance Principles for Large Private Companies.

Purpose and Leadership

The oversight function of corporate governance is performed by the Board and the individual statutory boards of each subsidiary within the Group. The Board is responsible for fostering the Group's culture and values and to ensure long term success for each of the Group's business units.

The Board ensures that the Group's strategy is well defined and implemented throughout the Group. Alongside this, the statutory boards of the relevant subsidiaries have begun to develop business unit specific governance frameworks, which include for example regular statutory board meetings covering key governance, compliance, and clinical governance topics, individual delegations of authority and business unit specific policy frameworks.

Board composition and Director responsibilities

The Board is structured to ensure a balance of skills and experience. Further to this, the Group has in place a Group committee structure as part of its governance framework, listed below. Each committee has clear authorities delegated to it by the Board. Those delegations and authorities are set out in their respective committee terms of reference and the Board's schedule of matters reserved for the Board. Advice and oversight are provided through well structured, planned, and authorised board committees, that provide a platform to deal with specific issues requiring specialised areas of expertise. Committees also provide the benefit of strong accountability. Committee members have specific assigned tasks and are directly accountable to the Board for completing them. Each committee has a regular, structured reporting cadence directly into the Board. The following committees supported the Board during the year:

1. Investment Committee
2. Quality & Clinical Risk Committee

Underpinning this structure, the corporate governance framework is supported by other internal and external sources of assurance. These include our internal local policy framework, clear delegations of authority, risk management and compliance programs, standard operating procedures, and internal assurance functions.

Opportunity and risk

The Board is responsible for achieving long-term sustainable success of the Group by identifying opportunities to create sustainable value for stakeholders as well as identifying and mitigating risks.

The Group's risk management processes are integrated into strategic planning, ensuring the Board is prepared to respond to potential challenges. Each of the Group's business units maintains as part of their governance framework a corporate risk register, and where relevant a clinical risk register. These are reviewed and updated regularly to ensure risks are captured, assessed and mitigating actions put in place and monitored. Regular reporting to the senior leadership teams and statutory boards of each of the business units ensures a culture of risk awareness.

In identifying opportunities, the Group encourages a culture of innovation where employees are empowered to propose new ideas and initiatives.

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Directors' report *(continued)*

Statement of Corporate Governance Arrangements (continued)

Remuneration

Executive remuneration structures are aligned to the long-term sustainable success of each company, taking into account pay and conditions elsewhere in the Group. To help secure and retain high-quality management and workforce, remuneration is aligned with performance, behaviours and the achievement of company strategy.

Stakeholder relationships and engagement

The success of our business is dependent on the support of all our stakeholders. Building positive relationships with stakeholders that share our values is important to us. Working together towards shared goals assists us in delivering long term sustainable success supporting the UK health care system. Further detail on how the Board has considered and has regard to the interests of its stakeholders, including shareholders, colleagues, customers, suppliers, communities and government and regulators is set out in the Section 172 statement in the strategic report.

Shareholders

The ultimate parent undertaking and controlling party of the Group is Aur Gp Holdco Limited.

Going concern

The consolidated financial statements have been prepared on a going concern basis. In determining the appropriate basis of the financial statements, the directors are required to assess whether adequate financial resources are available for the Group to continue to operate as a going concern for a period of not less than 12 months after the approval of these statutory financial statements. In making this assessment, the directors considered a number of factors, including the business strategy and the forecasts prepared by Management for the Group and the Parent Company.

The Group delivered an operating profit of £19.8m for the year and had net assets of £94.3m at the year end. Furthermore, the Aurelius Crocodile Group, which includes the Aurelius Elephant Limited group ("AEL Group"), entered into a new asset-backed loan ("ABL") facility in September 2023 for a minimum period of three years. Under the terms of the facility, certain members of the Group can borrow up to £275m against eligible receivables. The loan facilities are secured on qualifying accounts receivables of certain operating subsidiaries. Certain members of the AEL Group, are an obligor and guarantor to the loan facility and are bound by the Group's financing arrangements. Therefore, the Directors have also considered the financial performance and forecasts of the Group and its ability to comply with the Group's financing arrangements when assessing going concern.

The Directors have considered the forecasts for the period ending December 2025 which enables them to have the greatest visibility and granularity and therefore considered to be the period most relevant for this going concern assessment. For the purposes of the going concern assessment, the Group makes estimates of likely future cash flows which are based on assumptions including sales and margin assumptions, cost of labour and supplies and working capital movements. The assumptions are based on recent performance, external factors and management's knowledge and expertise of the cashflow drivers.

The ABL financial covenants require the AEL Group to maintain cash headroom of not less than £25m at the close of each business day. The AEL Group has consistently achieved this.

The AEL Group Leverage/EBITDA ratio must not exceed 3.0 until June 2024, and 2.5 thereafter. The AEL Group forecasts that this will be an average of 0.29 for the period through to December 2025. The Directors have performed a sensitivity analysis on the forecast and have determined EBITDA would need to fall by 79% (£74m) to cause a breach in the EBITDA leverage covenant of the AEL Group.

Therefore, the Directors concluded that the ABL facility is sufficient to enable the Company and the Group to continue as a going concern for a period of at least 12 months from the approval of these financial statements and therefore provide a reasonable basis to support the going concern assertion for the financial statements.

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Directors' report *(continued)*

Events after the end of the reporting period

The Company paid dividends of £59 million in total to its parent company in April 2024, July 2024 and December 2024.

Disclosure of information in the Strategic Report

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

The Strategic Report on pages 4-9 refers to the following: financial risk management and future developments.

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

The Directors welcome the requirements under Section 172 and Sch. 7.11B(1) to Companies Act 2006. Comments on how the Directors have had a regard for the interests of various stakeholders whilst making key decisions are contained on pages 8-9 in the Strategic Report.

Energy and Carbon Reporting

	31 March 2024	31 March 2023
Emissions resulting from activities including combustion of gas or consumption of fuel for transport (tCO_2e)	**20,561**	25,738
Emissions resulting from the purchase of electricity, including for transport (tCO_2e)	**2,888**	7,626
Energy consumed from activities involving the combustion of gas or the consumption of fuel for transport and the purchase of electricity for its own use, including for transport (kWh)	**101,936,112**	145,613,842
Intensity ratio (kWh/revenue £m)	**4,664**	5,748

Methodology used to calculate the information disclosed above:
Calculation method: activity data x emission factor = greenhouse gas emission
Emissions factor source: DESNZ, 2023 for all emissions factors-
https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023
Intensity ratio is based on revenue (in £m) for the year ended 31 March 2024

Energy efficiency measures taken

Energy efficiency actions taken during the year ended 31 March 2024 included operational improvements across the portfolio to improve energy management and increase how much we recycle.

Disclosure of information to auditor

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

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

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

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Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

Approved by the board of directors on 21 December 2024 and signed on behalf of the board by:

DocuSigned by:
Dominik Mueser
391481C5A27547D...

D Mueser
Director

Registered office:
6th Floor
33 Glasshouse Street
London
W1B 5DG
United Kingdom

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Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group's consolidated financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with 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 Group and Company 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, 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 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.

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Independent auditor's report to the members of Aurelius Crocodile Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Aurelius Crocodile Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2024 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity and notes to the financial statements, including material and significant accounting policy information. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

Conclusions relating to going concern

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

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

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

Other matter

The corresponding figures of the Group consolidated financial statements are unaudited.

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Independent auditor's report to the members of Aurelius Crocodile Limited *(continued)*

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Review of the minutes of Board, internal audit reports and other papers related to climate change and performed a risk assessment as to how the impact may affect the financial statements and our audit.

We also assessed the consistency of managements disclosures included as Other Information on page 10 with the financial statements and with our knowledge obtained from the audit.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or

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Independent auditor's report to the members of Aurelius Crocodile Limited *(continued)*

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent 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.

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

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group through our knowledge of the business and the industry in which it operates. The most significant of these were considered to be the applicable financial reporting framework, relevant tax compliance regulations and Medicines and Healthcare products Regulatory Agency (MHRA). The audit team engaged an internal corporate tax specialist to assess the Group's compliance with relevant tax regulations.

- We also focused on the provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context include the UK Companies Act, employment law, health and safety and pensions legislation.

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how and where fraud might occur. The areas considered to be most susceptible to fraud being management override of controls and non-routine journals in revenue and sales recorded at transactional level that does not exist.

- We reviewed legal expenditure accounts to understand the nature of expenditure incurred.

- We obtained an understanding of the procedures and controls that the Group has established to address risks identified, or that otherwise prevent, deter, and detect fraud. Fraud risks were identified in relation to revenue and management override of controls. We performed audit procedures to address each identified fraud risk by assessing the potential for manipulation or override and then performing targeted testing on this risk.

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Independent auditor's report to the members of Aurelius Crocodile Limited *(continued)*

- We selected a sample of sales recorded at transactional level and journal entries throughout the year, which met a defined risk criteria which included revenue journals with unusual account combinations and agreed to supporting documentation.

- Based on the understanding obtained we designed audit procedures to identify non-compliance with the laws and regulations, as noted above. This included enquiries of in-house legal counsel, Management, in-house Internal Audit, review of whistleblowing reports and review of Board minutes.

- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

- We tested and challenged the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position. This included those relating to disposal of discontinued operations and impairment testing on carrying values of investments and intangible assets while also engaging internal experts and specialists to assist in judgemental areas.

- We considered remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Sophie Michael
CD4490ED1C4942A...

Sophia Michael (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
21 December 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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Consolidated Income Statement

For the year ended 31 March 2024

	Note	31/03/2024 £'000	31/03/2023 (unaudited) £'000
Revenue	5	**4,704,922**	4,520,739
Cost of sales		**(4,248,861)**	(4,132,421)
Gross profit		**456,061**	388,318
Other operating income	6	**8,310**	6,795
Administration expenses		**(444,606)**	(391,295)
Adjusted Earnings Before Interest, Tax, Depreciation and Amortization		**97,924**	63,287
Restructuring and exit charges		**(34,097)**	(12,163)
Earnings Before Interest, Tax, Depreciation and Amortization		**63,827**	51,124
Depreciation of Property Plant &Equipment and right-of-use assets		**(22,993)**	(26,494)
Amortization of acquired intangibles		**(18,551)**	(20,812)
Impairment of fixed assets, intangibles or lease Right-of-use assets		**(2,518)**	-
Operating profit	**7**	**19,765**	3,818
Finance income	10	**284**	3,091
Finance costs	10	**(22,081)**	(16,817)
Profit/(loss) before tax		**(2,032)**	(9,908)
Income tax	11	**1,377**	26,072
Profit/(Loss) for the year from continuing operations		**(655)**	16,164
Discontinued operations			
Profit for the year from discontinued operations	3	**355,298**	57,986
Profit for the year fully attributable to owners of the parent		**354,643**	74,150

The notes on pages 30 to 71 form part of these financial statements.

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Consolidated Statement of Comprehensive Income

	Note	31/03/2024 £'000	31/03/2023 (unaudited) £'000
Profit for the year		**354,643**	74,150
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains/(loss) on defined benefit liability	21	**1,266**	(3,940)
Deferred tax on actuarial gains/(loss) on defined benefit liability	11	**(316)**	985
Items that may be reclassified subsequently to profit or loss:		**950**	(2,955)
Foreign exchange loss on translation		**(46)**	(35)
Other comprehensive income / (expense) for the year, net of income tax		**904**	(2,990)
Total comprehensive income for the year attributable to the owners of the company		**355,547**	71,160

The notes on pages 30 to 71 form part of these financial statements.

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Consolidated Statement of Financial Position

at 31 March 2024

	Note	31/03/2024	31/03/2023 (unaudited)	31/03/2022 (unaudited)
		£'000	£'000	£'000
Non-current assets				
Intangible assets	12	48,297	82,065	-
Property, plant and equipment	13	101,044	99,745	-
Defined benefit pension scheme assets	21	3,872	1,837	-
		153,213	183,647	-
Current assets				
Assets classified as held for sale	3	-	187,730	-
Inventories	16	293,534	302,431	-
Trade and other receivables	17	727,217	813,569	84
Cash and bank balances	18	90,123	103,337	8
		1,110,874	1,407,067	92
Total assets		1,264,087	1,590,714	92
Current liabilities				
Liabilities directly associated with held for sale	3	-	(132,601)	-
Trade and other payables	19	(1,057,477)	(1,052,672)	(627)
Other interest-bearing loans and borrowings	20	(25,617)	(175,109)	-
Lease liabilities	20	(17,073)	(22,137)	-
		(1,100,167)	(1,382,519)	(627)
Net current assets/(liabilities)		10,707	24,548	(535)
Non-current liabilities				
Lease liabilities	20	(45,538)	(56,027)	-
Deferred income		-	(96)	-
Deferred tax liabilities	15	(5,206)	(6,333)	-
Provisions	22	(18,896)	(19,106)	-
		(69,640)	(81,562)	-
Total liabilities		(1,169,807)	(1,464,081)	(627)
Net assets/(liabilities)		94,280	126,633	(535)
		£'000	£'000	
Equity				
Share capital	23	-	56,073	65
Retained earnings	24	94,280	70,560	(600)
Equity attributable to equity holders of the parent		94,280	126,633	(535)

The notes on pages 30 to 71 form part of these financial statements.

These consolidated financial statements of Aurelius Crocodile Limited were approved by the board of directors on 21 December 2024 and were signed on behalf of the board by:

DocuSigned by:
Dominik Mueser
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D Mueser

Director

Company registered number: 12867781

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
Balance at 1 April 2022 (unaudited)	65	(600)	(535)
Profit for the year	-	74,150	74,150
Other comprehensive income for the year	-	(2,990)	(2,990)
Total comprehensive income for the year	**-**	**71,160**	**71,160**
Contributions by and distributions to owners:			
Issue of share capital	56,008	-	56,008
Total contributions by and distributions to owners	**56,008**	**-**	**56,008**
Balance at 31 March 2023 (unaudited)	**56,073**	**70,560**	**126,633**
Balance at 1 April 2023	**56,073**	**70,560**	**126,633**
Profit for the year	-	354,643	354,643
Other comprehensive income for the year	-	904	904
Total comprehensive income for the year	**-**	**355,547**	**355,547**
Contributions by and distributions to owners:			
Share capital reduction	(56,073)	56,073	-
Dividends paid	-	(387,900)	(387,900)
Total contributions by and distributions to owners	**(56,073)**	**(331,827)**	**(387,900)**
Balance at 31 March 2024	**-**	**94,280**	**94,280**

The notes on pages 30 to 71 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2024

	Note	**Year ended 31 March 2024**	Year ended 31 March 2023 (unaudited)
		£000	£000
Cash flows from operating activities			
Profit/(loss) for the year		**354,643**	74,150
Adjustments for:			
Depreciation and amortisation	*12, 13*	**46,621**	83,639
Impairment of property, plant and equipment and intangibles	*12, 13*	**7,557**	90,826
Gain on bargain purchase on acquisition of subsidiaries		**-**	(308,303)
Foreign exchange movements		**(46)**	(35)
Finance income	*10*	**(284)**	(12,680)
Finance expense	*10*	**21,211**	21,015
Loss on sale of fixed assets		**2,214**	1,194
Gain on sale of stores	*3*	**(411,936)**	(59,716)
Gain on disposal of subsidiaries		**(37,033)**	-
Release of lease liabilities of discontinued operations		**(7,255)**	(36,007)
Tax (credit) / charge	*11*	**(1,377)**	7,993
		(25,685)	(137,924)
Decrease/(increase) in trade and other receivables	*17*	**71,771**	(64,401)
Decrease in inventories	*16*	**53,637**	82,261
Increase/(decrease) in trade and other payables	*19*	**30,483**	(70,764)
(Decrease) in provisions and employee benefits	*22*	**(11,617)**	(14,549)
Employer contributions to the defined benefit pension schemes		**(822)**	(1,556)
		117,767	(206,933)
Tax refund received		**474**	1,250
Net cash used in operating activities		**118,241**	(205,683)
Cash flows from investing activities			
Interest received		**284**	11,657
Proceeds from sale of property, plant and equipment		**455,573**	61,567
Proceeds from sale of subsidiaries, net of cash disposed	*3*	**15,521**	-
Acquisition of subsidiaries, net of cash acquired	*4*	**-**	434,467
Acquisitions of property, plant and equipment	*13*	**(15,181)**	(13,156)
Acquisitions of intangible assets	*12*	**(3,189)**	(1,693)
Net cash from investing activities		**453,008**	492,842
Cash flows from financing activities			
Interest paid		**(17,816)**	(15,069)
Dividends paid		**(387,900)**	-
Proceeds from issue of share capital	*23*	**-**	56,008
Repayment of borrowings	*20*	**(175,109)**	(352,494)
Proceeds from new loans and borrowings		**25,617**	175,109
Payments of lease liabilities	*20*	**(25,552)**	(41,493)
Interest on lease paid	*20*	**(3,703)**	(5,891)
Net cash (used in)/from financing activities		**(584,463)**	(183,830)
Net increase in cash		**(13,214)**	103,329
Cash at start of the period		**103,337**	8
Cash at end of the period	*18*	**90,123**	103,337

The notes on pages 30 to 71 form part of these financial statements.

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Notes

1 Material accounting policies

Aurelius Crocodile Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 12867781 and the registered address is 6th Floor 33 Glasshouse Street, London, W1B 5DG, United Kingdom.

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

These financial statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Group operates.

These Group financial statements have been prepared and approved by the directors in accordance with UK-adopted international accounting standards ("UK-adopted IAS").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of their carrying amount and fair value less costs to sell. Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

1.2 Going concern

The consolidated financial statements have been prepared on a going concern basis. In determining the appropriate basis of the financial statements, the directors are required to assess whether adequate financial resources are available for the Group to continue to operate as a going concern for a period of not less than 12 months after the approval of these statutory financial statements. In making this assessment, the directors considered a number of factors, including the business strategy and the forecasts prepared by Management for the Group and the Parent Company.

The Group delivered an operating profit of £19.8m for the year and had net assets of £94.3m at the year end. Furthermore, the Aurelius Crocodile Group, which includes the Aurelius Elephant Limited group ("AEL Group"), entered into a new asset-backed loan ("ABL") facility in September 2023 for a minimum period of three years. Under the terms of the facility, certain members of the Group can borrow up to £275m against eligible receivables. The loan facilities are secured on qualifying accounts receivables of certain operating subsidiaries. Certain members of the AEL Group, are an obligor and guarantor to the loan facility and are bound by the Group's financing arrangements. Therefore, the Directors have also considered the financial performance and forecasts of the Group and its ability to comply with the Group's financing arrangements when assessing going concern.

The Directors have considered the forecasts for the period ending December 2025 which enables them to have the greatest visibility and granularity and therefore considered to be the period most relevant for this going concern assessment. For the purposes of the going concern assessment, the Group makes estimates of likely future cash flows which are based on assumptions including sales and margin assumptions, cost of labour and supplies and working capital movements. The assumptions are based on recent performance, external factors and management's knowledge and expertise of the cashflow drivers.

The ABL financial covenants require the AEL Group to maintain cash headroom of not less than £25m at the close of each business day. The AEL Group has consistently achieved this.

The AEL Group Leverage/EBITDA ratio must not exceed 3.0 until June 2024, and 2.5 thereafter. The AEL Group forecasts that this will be an average of 0.29 for the period through to December 2025. The Directors have performed a sensitivity analysis on the forecast and have determined EBITDA would need to fall by 79% (£74m) to cause a breach in the EBITDA leverage covenant of the AEL Group.

Therefore, the Directors concluded that the ABL facility is sufficient to enable the Company and the Group to continue as a going concern for a period of at least 12 months from the approval of these financial statements and therefore provide a reasonable basis to support the going concern assertion for the financial statements.

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Notes *(continued)*

1 Material accounting policies *(continued)*

1.3 Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). These statements are the Group's first consolidated accounts for Aurelius Crocodile Limited. In the prior year the group accounts were prepared by an indirect subsidiary of the Company. As such, the comparatives are unaudited.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transactions gains or losses), arising from intra-group transactions, are eliminated.

1.4 Financial instruments

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

Financial assets

(i) Initial recognition and measurement

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

(ii) Subsequent measurement

The subsequent measurement of financial assets is at amortised cost using the effective interest rate method (EIR), less impairment. Financial assets are derecognised when the rights to receive cash flows from the assets have expired.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial liabilities

(vi) **Initial recognition and measurement**

The Company's financial liabilities include trade and other payables. All financial liabilities are recognised initially at fair value.

(vii) **Subsequent measurement**

Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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Notes *(continued)*

1 Material accounting policies *(continued)*

Financial instruments (continued)

Offsetting

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

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

- Freehold 2% per annum
- long leasehold improvements 2% or over the period of the lease if less than 50 years
- short leasehold improvements 10% - 30% per annum or over the period of the lease
- fixtures, fittings and equipment 10% - 30% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

1.6 Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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Notes *(continued)*

1 Material accounting policies *(continued)*

1.7 Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised from the date they are available for use. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets as follows:

- Trademarks 3 years
- Software 3 to 10 years
- Customer relationships 10 years
- Licenses 3 years

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based either on the first-in first-out (Homecare business unit) or on the weighted average (wholesale and other business units) principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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Notes *(continued)*

1 Material accounting policies *(continued)*

1.10 Employee benefits

The Group contributes to group pension schemes operated by Admenta UK Limited and Sangers (Northern Ireland) Limited, including defined benefit and defined contribution schemes.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs. The Group then calculates the current service cost for the remainder of the reporting period, post the amendment or curtailment, using the same actuarial assumptions as those used to remeasure the net defined benefit liability/(asset).

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

1.11 Provisions

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

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

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

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Notes *(continued)*

1 Material accounting policies *(continued)*

1.12 Revenue

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

Revenue is recognised when control of the goods is transferred to the customer, provided that the amount of revenue can be reliably measured, and it is likely that economic benefits will flow to the Group. Service revenues are recognised when services are provided to the customer. Any deductions from sales such as returned goods, rebates, discounts allowed, and bonuses are deducted from gross revenue.

For the sale of goods, the customer obtains control at the point in time at which the goods are delivered. For both sales of merchandise and agency-related sales, customers are typically given a 3-day return window. Revenue is recognised immediately upon the dispatch of orders, reflecting the transfer of control of goods to the customer. However, where the company anticipates that a portion of goods may be returned (based on historical trends or contractual arrangements), a returns provision is accounted for.

In such cases, while revenue is recognised upon dispatch, a refund liability is simultaneously recognised to cover potential returns, and an asset is recorded for the receivable of stock to be recovered. This ensures that the potential impact of returns is accurately reflected in the financial statements. The refund liability represents the company's obligation to refund customers for returned goods, while the receivable reflects the expected value of inventory to be restocked. The Cost of Sales (CoS) is also adjusted to account for the margin related to the potential return of goods, ensuring the financial impact is recognised based on the estimated gross margin of the returned items. The revenue generated is recorded at the time when the customer acquires control of the goods. We generally do not offer significant financing component for contracts with an original expected length of one year or less. Additionally, we do not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less and for contracts for which we recognise revenue at the amount to which we have the right to invoice for services performed.

If the contract includes services, these services are recognised over time. The services can include software licensing fees and maintenance. The performance obligation is fulfilled continuously, as the services are provided throughout the duration of the contract. Revenue from the maintenance component is recognised on a straight-line basis over the service period, reflecting the continuous nature of service fulfilment.

If one party to the contract has satisfied its performance obligation, but the other party has not yet, then the contract is accounted for as either a contract liability or a contract asset, whereby an unconditional right to receive payment is presented separately as a trade receivable. As we usually satisfy our performance obligation to deliver goods or services first, which results in an unconditional right to receive payment, our contract balances are typically not material.

If the Group collects amounts in the interest of third parties, these do not represent revenue as they do not represent an inflow of economic benefits for the Group. Only the remuneration for arranging the transaction and not the total proceeds are recognised as revenue. The Group is considered to be the principal, if the Group has the ability to direct the use of the goods or services prior to transfer to a customer, is responsible for fulfilling the promise to the customer, and also bears the significant opportunities and risks associated with the sale of goods or the provision of services. Only in those cases is revenue recorded gross.

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Notes *(continued)*

1 Material accounting policies *(continued)*

1.13 Financing expenses and income

Financing expenses include interest payable on bank loans and overdrafts, finance charges on lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions and refinancing charges.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.15 Non-current assets held for sale

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is allocated to assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

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Notes *(continued)*

1 Material accounting policies *(continued)*

1.16 Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise,
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

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

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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Notes *(continued)*

1 Material accounting policies *(continued)*

1.17 Leases (continued)

***As a lessee** (continued)*

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented within the property, plant and equipment line in the balance sheet.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

1.18 Adoption of new and revised standards

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023.

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1 January 2023)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

- Definition of Accounting Estimates - Amendments to IAS 8 (effective from 1 January 2023)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (effective from 1 January 2023)*

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.
The amendments provide an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

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Notes *(continued)*

1 Material accounting policies *(continued)*

1.18 Adoption of new and revised standards (continued)

- *International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) - application of the exception and disclosure of that fact (effective from 1 January 2023)*

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

These amendments do not have a significant impact on these consolidated financial statements.

The following new standards and amendments have been endorsed for use in the UK but are not yet effective:

Standard/Amendment	**Effective date**
Amendments to IAS 7 and IFRS 7 (Supplier Finance Arrangements)	1 January 2024
Amendments to IAS 1 (Classification of Liabilities as Current or Non-Current)	1 January 2024
Amendments to IAS 1 (Non-Current Liabilities with Covenants)	1 January 2024
Amendments to IFRS 16 (Lease Liability in a Sale and Leaseback)	1 January 2024
Amendments to IAS 21 (Lack of Exchangeability)	1 January 2025

The directors do not expect that the adoption of the amendments to the existing Standards listed above will have a material impact on the consolidated financial statements of the group in future periods.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Management do not consider there to be any material critical judgements in applying the Group's accounting policies.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. 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 key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined benefit pensions – key source of estimation uncertainty

The cost of defined benefit post-employment plans and the carrying value of the defined benefit obligation are determined using actuarial calculations. Actuarial calculations involve making assumptions about discount rates, future wage and salary increases, the mortality rate and future pension increases. All assumptions are reviewed at each reporting date. When determining the appropriate discount rate, management uses the interest rates of first-class corporate bonds, and government gilts. The mortality rate is based on publicly available mortality tables for the UK. Future salary and pension increases are based on expected future inflation rates for the UK.

As part of the buy-out process, the Scheme Trustees entered into a bulk purchase annuity agreement. The agreement is an initial stage of a buy-out process in order to prospectively secure annuity policies for all members. The timing of the buy-out and future costs associated with it can vary. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is shown in note 21.

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Notes *(continued)*

3 Discontinued operations and group held for sale

Discontinued operations

In March 2023, the Group committed to a plan to divest its retail operations as stated in the paragraph below. Accordingly, the retail business has been reported as discontinued operations in the current year and prior year.

The results of the discontinued operations, which have been included in the profit for the year 2024 and 2023, are as follows:

	Note	Year ended 31 March 2024 £'000	Year ended 31 March 2023 (unaudited) £'000
Revenue		**371,922**	1,283,816
Cost of sales		**(305,738)**	(973,218)
Other operating income		**883**	42,678
Distribution and administration costs		**(158,789)**	(633,929)
Finance income		-	9,589
Finance costs		(1,949)	(4,904)
Loss before tax from ordinary activities		(93,671)	(275,968)
Gain on of stores		**411,936**	59,716
Gain on of subsidiaries		**37,033**	-
Gain on bargain purchase on acquisition of subsidiaries	4	-	308,303
Profit before tax from discontinued operations		**355,298**	92,051
Income tax	11	**-**	(34,065)
Profit for the year from discontinued operations		**355,298**	57,986

The post-tax gain on of stores was determined as follows

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 (unaudited) £'000
Cash consideration received	**454,806**	61,568
Net assets disposed		
Property, Plant and equipment	**(151,176)**	(3,631)
Lease liabilities disposed	**115,910**	-
Intangible assets	**(12,009)**	-
Provision	**4,405**	1,779
	(42,870)	(1,852)
Gain on disposal of stores	**411,936**	59,716

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Notes (continued)

3 Discontinued operations and disposal group held for sale (continued)

In September 2023, the Group sold its 100% interest in Metabolic Healthcare Limited, John Bell & Croyden Limited and Masta Limited for a total consideration of £37,113,000. The total net assets of these three entities sold amounted to £194,000.

The post-tax gain on disposal of subsidiaries was determined as follows

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£'000	£'000
Cash consideration received	37,113	-
Cash disposed of	(3,720)	-
Net cash inflow on disposal of subsidiaries	33,393	-
Net assets disposed other than cash		
Property, Plant and equipment	(3,201)	-
Intangible assets	(2,237)	-
Stock	(1,182)	-
Trade and other receivables	(15,909)	-
Trade and other payables	24,643	-
Lease liabilities	1,362	-
Provision	50	
	3,526	-
Pre-tax gain on disposal of subsidiaries	36,919	-

In addition to the above three entities, the Group also sold Diamond DCO Two Limited (formerly Lloyds Pharmacy Limited) and other five other entities for nil consideration and the total net liabilities sold were amounted to £ 114,000.

The post-tax gain on disposal of other subsidiaries was determined as follows

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£'000	£'000
Cash consideration received	-	-
Cash disposed of	(17,872)	-
Net cash outflow on disposal of subsidiaries	(17,872)	-
Net assets disposed other than cash		
Property, Plant and equipment	(11,464)	-
Trade and other payables	4,000	-
Lease liabilities	23,070	-
Provision	2,380	
	17,986	-
Pre-tax gain on disposal of subsidiaries	114	-

Total net cash inflow on disposal of subsidiaries	15,521	-
Total pre-tax gain on disposal of subsidiaries	37,033	-

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Notes *(continued)*

3 Discontinued operations and disposal group held for sale (continued)

The cashflows from discontinued operations included in the consolidated cash flow statement for the year 2024 and 2023 are as follows.

Cash flows from / (used in) discontinued operations

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Net cash used in operating activities	**(514,788)**	(128,213)
Net cash from investing activities	**470,128**	388,362
Net cash used in financing activities	**38,232**	(253,721)
	(6,428)	6,428

Assets and liabilities of discontinued operations

In March 2023, the Group approved a restructuring programme to divest its retail operations. This decision was taken to mitigate continuing losses from the retail business that were due to increasing costs to operate pharmacies and low reimbursement levels from the NHS. As a result, all Lloyds Pharmacy branded stores were classified as held for sale at 31 March 2023. In addition to this, the decision was made to sell 100% of the equity held in John Bell & Croyden Limited, MASTA Limited, G J Maley Limited, Savory & Moore (Jersey) Limited and Stephen Smith Limited and these entities were sold during the year 2024.

Metabolic Healthcare Limited (MHL) was not classified under discontinued operations and did not meet the definition of held for sale as at 31 Mach 2023. MHL was subsequently disposed of in the year and has been included in the results of discontinued operations above (with the 2023 comparatives appropriately updated) in line with IFRS 5. Assets and liabilities held for sale have not been restated.

Under this programme, the Group disposed all of its high street and community pharmacies that operated under the Lloyds Pharmacy brand in a series of transactions during the year and prior year.

Therefore, the following assets and liabilities of the operations described above have been classified as held for sale in the prior year.

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£'000	£'000
Assets classified as held for sale		
Property, plant and equipment	**-**	140,009
Inventories	**-**	45,922
Trade and other receivables	**-**	1,021
Cash	**-**	778
Total assets	**-**	187,730
Liabilities directly associated with assets held for sale		
Trade and other payables	-	(2,853)
Lease liabilities	-	(115,910)
Provisions	-	(13,838)
Total liabilities	-	(132,601)

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Notes *(continued)*

4 Acquisitions of subsidiaries

On 6 April 2022, Aurelius Elephant Limited (indirect subsidiary of the Company) acquired 100% of the share capital of Admenta UK Limited and its subsidiaries (collectively - the 'Admenta UK Group'). The Admenta UK Group's principal activities included wholesaling, provision of pharmaceutical products and services, patient homecare and digital solutions.

The consideration to acquire the Admenta UK Group comprised £110 million, satisfied in cash, and an additional payment in the range from £nil to £61.0 million based on achievement by the acquired group of certain EBITDA thresholds for the period up to 31 March 2023. The fair value of the contingent consideration was assessed at £nil. No contingent consideration payments were made by the Group, as these thresholds have not been achieved.

The Group incurred acquisition-related costs of £7.2 million. These costs have been included in the administrative expenses in the Group's consolidated income statement in the prior year.

Assets acquired and liabilities assumed

The acquisition had the following effect on the Group's assets and liabilities for the previous year.

	Book value	**Fair value adjustments**	**Recognised values on acquisition**
	£000	**£000**	**£000**
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	107,400	-	107,400
Right-of-use assets	195,920	54,426	250,346
Intangible assets	12,853	88,394	101,247
Goodwill	29,122	(29,122)	-
Pension assets	3,358	-	3,358
Inventories	430,615	-	430,615
Trade and other receivables	755,508	-	755,508
Deferred tax asset	23,707	-	23,707
Cash	543,993	-	543,993
Bank loans and overdrafts	(352,494)	-	(352,494)
Trade and other payables	(1,125,917)	-	(1,125,917)
Lease liabilities	(250,344)	-	(250,344)
Deferred tax liabilities	-	(22,098)	(22,098)
Provisions	(47,492)	-	(47,492)
Net identifiable assets and liabilities	326,229	91,600	417,829
Total consideration paid:			
Cash price paid			109,526
Contingent consideration at fair value			-
Total consideration			109,526
Gain on bargain purchase on acquisition			(308,303)

The gain on bargain purchase on acquisition of the Admenta UK Group amounting to £308,303,000 has been recorded in the profit and loss account for the year 2023. The gain was mainly attributable to the opportunity to acquire the business from a US Group which looked to exit the UK market in respect of this sector and there was a limited buyer universe (resulting from restrictions due to competition laws and complexities of the Group's carveout from the seller's European operations).

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Notes *(continued)*

5 Revenue from contracts with customers

Disaggregation of revenue

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Sale of goods - wholesale	**2,849,769**	2,686,353
Sale of goods - homecare	**1,256,391**	1,264,277
Sale of goods – healthcare services	**494,463**	505,014
Rendering of services - wholesale	**18,017**	21,049
Rendering of services - homecare	**54,363**	15,551
Rendering of services – healthcare services	**-**	2,373
Rendering of services - digital	**31,919**	26,122
	4,704,922	4,520,739

Primary geographical markets

United Kingdom	**4,704,290**	4,520,120
Rest of Europe	**632**	619
	4,704,922	4,520,739

Revenue is recognised at the point in time when customer acquires control of the goods, or when the services are provided to the customer. Revenue disclosed above are from continuing operations.

6 Other operating income

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Rental income	**10**	556
Promotional income	**6,874**	5,085
Other operating income	**1,426**	1,154
	8,310	6,795

Other operating income mainly relates to profit on sale of fixed assets (31 March 2023 relates to reversal of provisions).

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Notes *(continued)*

7 Expenses and auditor's remuneration

Included in profit/loss from continuing operations are the following:

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Depreciation of property, plant and equipment (excluding right-of-use assets) (note 13)	**7,296**	10,837
Impairment of property, plant and equipment (note 13)	**2,517**	-
Depreciation of right-of-use assets (note 13)	**15,697**	15,657
Amortisation of intangible assets (note 12)	**18,551**	20,812
Cost of inventories recognised within cost of sales	**4,248,861**	4,132,421
Staff costs (note 8)	**288,741**	422,742
Restructuring and exit charges	**34,097**	12,163

The restructuring costs from continuing operations of £34,097,000 (2023: £12,163,000) relate primarily to losses associated with the settling of the Admenta UK Limited defined benefit plan, severance payments, and legal expenses. Included within Administrative costs from discontinued operations (note 3) are £25,134,000 in restructuring and exit charges (31 March 2023: ££19,816,000).

Auditor's remuneration:

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Audit of the consolidated financial statements	**500**	500
Amounts receivable by the Company's auditor and its associates in respect of:		
Audits of financial statements of subsidiaries of the Company	**2,060**	1,218

There were no fees for non-audit services in either the current or previous year.

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Notes *(continued)*

8 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
Distribution staff	**7,338**	15,447
Administrative staff	**710**	1,018
	8,048	16,465

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Wages and salaries	**259,914**	382,242
Social security costs	**20,480**	32,646
Contributions to defined contribution plans	**8,191**	10,796
Define benefit pension scheme operating cost	**156**	128
	288,741	425,812

9 Directors' remuneration

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Emoluments	**2,066**	40
Group contributions to defined contribution pension scheme	**9**	-
	2,075	40

The number of directors who:

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
Are members of a defined contribution scheme	**1**	-

The remunerations of one director was paid by Aurelius Finance Company Limited, which is outside the Group and not recharged to the Company. The emoluments of one director, which was paid by the group are disclosed in the above table. In the comparative year, these two directors held various roles in Aurelius, and it was impossible to make an accurate apportionment of their emoluments in respect of each of these roles, including their positions as directors of the Group entities. Since there is only one director's were presented in the above table, the highest paid directors' remunerations were not presented.

Notes *(continued)*

10 Finance income and expense

Recognised in the income statement

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Finance income		
Pension net interest income	**105**	296
Gain from change in discount rate	**-**	2,636
Other finance income	**179**	160
	284	3,092
Finance expense		
Interest payable on bank overdrafts and loans	**16,983**	13,812
Interest on lease liabilities	**1,608**	1,369
Interest payable other	**671**	930
Refinancing cost	**2,819**	-
Exchange rate differences	**-**	706
	22,081	16,817

11 Taxation

Recognised in the income statement

Tax expense / (credit) excluding tax on sale of discontinued operations

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Current tax		
Current year	**66**	(935)
Current tax expense / (credit)	**66**	(935)
Deferred tax		
Origination and reversal of temporary differences	**(1,443)**	8,928
Deferred tax (credit) / expense	**(1,443)**	8,928
Total tax (credit) / expense	**(1,377)**	7,993
Tax expense / (credit) from continuing operations	**(1,377)**	(26,074)
Tax expense / (credit) from discontinued operations (excluding gain on sales)	**-**	34,067
Total tax (credit) / expense	**(1,377)**	7,993

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Notes *(continued)*

11 Taxation *(continued)*

Total Tax expense / (credit)	**Year ended 31 March 2024**	Year ended 31 March 2023 (unaudited)
	£000	£000
Tax (credit) / expense excluding tax on sale of discontinued operations	**(1,377)**	7,993
Tax on gain on sale of discontinued operation	**-**	-
	(1,377)	7,993

Income tax recognised in other comprehensive income

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Tax expense / (credit) on actuarial losses from defined benefit pension schemes	**316**	(985)
Total tax expense / (credit) recognised in other comprehensive income	**316**	(985)

Reconciliation of effective tax rate

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Profit before tax	**353,266**	82,143
Tax using the UK corporation tax rate of 25 % (2023: 19%)	**88,316**	15,607
Effect of tax rates in foreign jurisdictions	**(790)**	228
Profit on sale of assets not taxable	**(91,254)**	(5,968)
Gain on bargain purchase not taxable	**-**	(31,442)
Impact of tax rate changes on deferred tax balances	**-**	4,386
Non-deductible expenses	**625**	7,799
Corporate interest restrictions	**3,258**	3,265
Change in unrecognised deferred tax assets	**(4,996)**	24,417
Adjustments relating to prior years	**3,464**	(10,299)
Total tax expense	**(1,377)**	7,993

An increase in the main UK corporation tax rate from 19% to 25%, applicable from 1 April 2023, was enacted on 10 June 2021 in Finance Act 2021. The deferred taxes in these financial statements have therefore been calculated at 25%.

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Notes *(continued)*

12 Intangible assets

	Trademarks	Software	Customer relationships	Licenses	Total
	£000	**£000**	**£000**	**£000**	**£000**
Cost					
At 1 April 2022 (unaudited)	-	-	-	-	-
Acquisitions through business combinations	2,814	12,302	68,117	18,014	101,247
Additions	-	1,693	-	-	1,693
Other	-	-	(63)	-	(63)
At 1 April 2023 (unaudited)	**2,814**	**13,995**	**68,054**	**18,014**	**102,877**
Additions	-	3,188	-	-	3,188
Transfer from tangible assets	-	994	-	-	994
Disposals	-	(3,365)	(15,994)	(18,014)	(37,373)
Other			22		22
At 31 March 2024	**2,814**	**14,812**	**52,082**	**-**	**69,708**
Amortisation and impairment					
At 1 April 2022 (unaudited)	-	-	-	-	-
Amortisation charge for the period	1,271	4,494	9,042	6,005	20,812
At 1 April 2023 (unaudited)	**1,271**	**4,494**	**9,042**	**6,005**	**20,812**
Amortisation charge for the year – continuing operations	771	5,025	12,755	-	18,551
Impairment losses – discontinued operations	-	-	5,040	-	5,040
Transfer from tangible assets	-	134	-	-	134
Disposals	-	(1,128)	(15,993)	(6,005)	(23,126)
At 31 March 2024	**2,043**	**8,524**	**10,844**	**-**	**21,411**
Net book value					
At 31 March 2024	**771**	**6,288**	**41,238**	**-**	**48,297**
At 31 March 2023	1,543	9,501	59,012	12,009	82,065
At 31 March 2022	-	-	-	-	-

Notes *(continued)*

13 Property, plant and equipment

	Freehold	Long leasehold improve-ments	Short leasehold improve-ments	F, F & E	Right-of-use assets Property	Right-of-use assets Vehicles	Right-of-use assets Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
At 1 April 2022 (unaudited)	-	-	-	-	-	-	-	-
Acquisitions through business combinations	8,463	2,999	28,346	67,592	241,227	9,086	33	357,746
Additions	18	185	474	12,479	17,471	12,431	150	43,208
Reclassified as held for sale	(3,464)	(1,372)	(21,967)	(47,480)	(190,393)	-	(33)	(264,709)
Disposals	-	-	(199)	(931)	(8,308)	(569)	-	(10,007)
At 1 April 2023 (unaudited)	**5.017**	**1,812**	**6,654**	**31,660**	**59,997**	**20,948**	**150**	**126,238**
Additions	383	514	4,655	9,629	15,540	18,258	-	48,979
Disposals	(235)	(1,378)	886	(2,425)	(22,284)	-	33	(25,403)
Transferred to intangible assets	-	-	-	(994)	-	-	-	(994)
At 31 March 2024	**5,165**	**948**	**12,195**	**37,870**	**53,253**	**39,206**	**183**	**148,820**
Depreciation and impairment								
At 1 April 2022 (unaudited)	-	-	-	-	-	-	-	-
Depreciation charge – continuing	130	128	2,918	7,662	7,666	7,971	19	26,494
Depreciation charge - discontinued	32	635	649	13,843	21,142	-	33	36,334
Impairment losses - discontinued	480	262	12,821	12,133	65,130	-	-	90,826
Reclassified as assets held for sale	(512)	(897)	(13,470)	(25,976)	(87,272)	-	(33)	(127,160)
At 1 April 2023 (unaudited)	**130**	**128**	**2,918**	**7,662**	**7,666**	**7,971**	**19**	**26,494**
Depreciation charge - continuing	125	162	1,562	5,447	7,879	7,768	50	22,993
Depreciation charge - discontinued	-	303	1	182	4,590	-	-	5,076
Impairment losses - continuing	39	-	230	2,248	-	-	-	2,517
Disposals	(4)	(303)	(965)	(1,882)	(6,048)	-	33	(9,169)
Transferred to intangible assets	-	-	-	(134)	-	-	-	(134)
At 31 March 2024	**290**	**290**	**3,746**	**13,523**	**14,087**	**15,739**	**102**	**47,777**
Net book value								
At 31 March 2024	**4,875**	**658**	**8,449**	**24,347**	**39,166**	**23,467**	**81**	**101,044**
At 31 March 2023	**4,887**	**1,684**	**3,736**	**23,998**	**52,332**	**12,977**	**131**	**99,745**
At 31 March 2022	-	-	-	-	-	-	-	-

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Notes *(continued)*

13 Property, plant and equipment *(continued)*

Impairment loss
There was an impairment charge for continuing activities in the year of £2,517,000 (2023: £0). There was an impairment charge for discontinuing activities in the year of £0 (31 March 2023: the £90,826,000).

Loss on disposal of fixed assets
The Group disposed the net book value of assets amounted to £16,235,000 and of this amount £15,730,000 relates to entities sold during the year and included in the gain on sale of subsidiaries (note 3).

Security
There are no restriction of title or assets pledged as security.

Incremental borrowing rate
The weighted average incremental borrowing rate (IBR) applied to lease liabilities recognised in the balance sheet is from 3.25% to 6.04% depending on the lease term.

Right-of-use assets

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Depreciation expense on right-of-use assets	**20,287**	36,831
Impairment loss on right-of-use assets	**-**	65,130

14 Investments in subsidiaries

The Group and Company have the following investments in subsidiaries as at 31 March 2024:

Group subsidiaries

	Principal place of business	**Nature of business**	**Class of shares held**	**Ownership**
AAH Builders Suppliers Limited	United Kingdom	Dormant company	£1 Ordinary shares	100%
AAH Lloyds Insurance (IOM) Limited	Isle of Man	Insurance company	£1 Ordinary shares	100%
AAH Pharmaceuticals Limited	United Kingdom	Wholesale distribution	£1 Ordinary shares	100%
Admenta Pension Trustees Limited	United Kingdom	Dormant company	£1 Ordinary shares	100%
Admenta UK Limited	United Kingdom	Holding company	£1 Ordinary shares	100%
Algorithmic Health Ireland Limited	Ireland	Online Health	£1 Ordinary shares	100%
Aurelius Elephant Limited	United Kingdom	Holding company	£0.0001 Ordinary shares	100%
Aurelius Fox Limited (*)	United Kingdom	Holding company	£0.0001 Ordinary shares	100%
Barclay Pharmaceuticals Limited	United Kingdom	Wholesale distribution	£1 Ordinary shares	100%
Expert Health Limited	United Kingdom	Online Health	£1 Ordinary shares	100%
Hallo Healthcare Business Services UAB	Lithuania	Business service centre	EUR 1 Par value	100%
HHG Fox One Limited	United Kingdom	Holding company	£1 Ordinary shares	100%
Lloyds Clinical Limited (formerly Lloyds Pharmacy Clinical Homecare Limited)	United Kingdom	Healthcare services	£1 Ordinary shares	100%
LP HCS Limited	United Kingdom	Dormant company	£1 Ordinary shares	100%
LPOD RX Limited	United Kingdom	Dormant company	£1 Ordinary shares	100%
Pharma Services (N.I.) Limited	Northern Ireland	Other information service	£1 Ordinary shares	50%
Pharmagen Limited	United Kingdom	Wholesale services	£1 Ordinary shares	100%
Prima Brands Limited	Northern Ireland	Wholesale services	£1 Ordinary shares	100%
Sangers (Northern Ireland) Limited	Northern Ireland	Wholesale distribution	£1 Ordinary shares	100%

(*) denotes a direct investment held by the Company. All other listed investments are indirect investments of the Company.

Notes *(continued)*

14 Investments in subsidiaries (*continued)*

The following subsidiary undertaking is exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this Company has issued guarantees to the subsidiary companies under Section 479C of the Act:

Name of the subsidiary	Registered number	Country of registration
Admenta UK Limited	03011757	United Kingdom

All the Group's subsidiaries except to those listed in the table below are registered in England and Wales and have the registered address at The Woods, Haywood Road, Warwick, CV34 5AH, United Kingdom:

Name	Registered office
Lloyds Clinical Limited (formerly Lloyds Pharmacy Clinical Homecare Limited)	Unit 4 Scimitar Park, Roydon Road, Harlow, Essex, CM19 5GU
Pharma Services (N.I.) Limited	2 Marshalls Road, Belfast, Northern Ireland , BT5 6SR
Prima Brands Limited	2 Marshalls Road, Belfast, Northern Ireland , BT5 6SR
Sangers (Northern Ireland) Limited	2 Marshalls Road, Belfast, Northern Ireland , BT5 6SR
AAH Lloyds Insurance (IOM) Limited	Third Floor, St George's Court, Upper Church Street, Douglas, Isle of Man, IM1 1EE
Algorithmic Health Ireland Limited	Block A, 5th Floor, the Atrium Blackthorn Road, Dublin, D18 F5X2, Republic of Ireland
Hallo Healthcare Business Services UAB	Rinktins g.5, Vilnius, 09234, Lithuania

15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31 March 2024			31 March 2023 (unaudited)		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	£000	**£000**	**£000**	£000	£000	£000
Property, plant and equipment	**4,893**		**4,893**	9,714	-	9,714
Intangible assets		**(10,005)**	**(10,005)**	-	(18,034)	(18,034)
Provisions	**874**		**874**	2,447	-	2,447
Pensions	**-**	**(968)**	**968**	-	(460)	(460)
Tax assets / (liabilities)	**5,767**	**(10,973)**	**(5,206)**	12,161	(18,494)	(6,333)
Offset	**(5,767)**	**5,767**		(12,161)	12,161	-
Net deferred tax liabilities	**-**	**5,206**	**(5,206)**	-	(6,333)	(6,333)

The Group has not recognised a deferred tax asset in respect of tax losses carried forward of £27m (31 March 2023: £24m) and unrelieved interest expenses carried forward of £28m (31 March 2023: £15m). A deferred tax asset has not been recognised as it is not considered probable that there will be sufficient future taxable profit available to utilise the losses or interest expenses.

Notes *(continued)*

15 Deferred tax assets and liabilities (continued)

Movement in deferred tax during the year

	1 April 2023	**Recognised in income statement**	**Recognised in OCI**	**31 March 2024**
	£000	**£000**	**£000**	**£000**
Property, plant and equipment	**(9,714)**	**4,821**	**-**	**(4,893)**
Intangible assets	**18,034**	**(8,029)**	**-**	**10,005**
Provisions	**(2,447)**	**1,573**	**-**	**(874)**
Pensions	**460**	**192**	316	**968**
	6,333	**(1,443)**	**316**	**5,206**

Movement in deferred tax during the prior year

	1 April 2022	**Acquired in business combination**	**Recognised in income statement**	**Recognised in OCI**	**31 March 2023 (unaudited)**
	£000	**£000**	**£000**	**£000**	**£000**
Property, plant and equipment	**-**	(15,136)	5,422	-	(9,714)
Intangible assets	**-**	23,787	(5,753)	-	18,034
Provisions	**-**	(11,093)	8,646	-	(2,447)
Pensions	**-**	832	613	(985)	460
	-	**(1,610)**	**8,928**	**(985)**	**6,333**

16 Inventories

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
Finished goods and goods for resale	**293,534**	302,431

Finished goods recognised as cost of sales in the year amounted to £4,248,861,000 (31 March 2023: £4,132,421,000) from continuing operations and £305,738,000 (31 March 2023: £973,218,000) from discontinued operations. Inventory provision of £4,847,000 was included in the finished goods and goods for resale at year end (31 March 2023: £74,959,000).

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Notes *(continued)*

17 Trade and other receivables

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
Trade receivables	**551,089**	614,871
Prepayments and accrued income	**25,366**	36,663
Corporation tax receivable	**-**	470
Other receivables	**150,762**	161,565
	727,217	813,569
Non-current	**-**	-
Current	**727,217**	813,569
	727,217	813,569

Of other receivables, £105,844,000 relates to vendor rebates and other vendor receivables (31 March 2023: £140,403,000) and £29,288,000 relates to VAT receivable (31 March 2023: £12,847,000).

The expected credit loss for trade receivables as at 31 March 2024 and 31 March 2023 was determined as follows:

31 March 2024	**Current**	**More than 30 days**	**More than 60 days**	**More than 90 days**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Expected credit loss rate	0%	0%	31%	72%	-
Gross carrying amount	544,527	4,068	952	6,585	**556,132**
Lifetime expected credit loss	30	6	292	4,715	**5,043**

31 March 2023	**Current**	**More than 30 days**	**More than 60 days**	**More than 90 days**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Expected credit loss rate	0%	0%	7%	75%	-
Gross carrying amount	571,685	40,832	1,142	5,310	618,969
Lifetime expected credit loss	2	7	83	4,006	4,098

The table below presents the movement in expected credit losses (ECL) for trade receivables in the year.

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
ECL brought forward	**4,098**	-
Acquired in business combination	**-**	4,042
Additions	**2,338**	1,753
Utilisations	**(1,393)**	(2,312)
Adjustments	**-**	615
Allowances carried forward	**5,043**	4,098

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Notes *(continued)*

18 Cash

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
Cash per balance sheet	**90,123**	103,337
Cash per cash flow statement	**90,123**	103,337

19 Trade and other payables

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
Current		
Trade payables	**979,139**	831,473
Other tax and social security	**16,118**	11,515
Corporation tax payable	**69**	-
Accruals	**38,207**	186,610
Other payables	**23,944**	23,074
	1,057,477	1,052,672

20 Interest-bearing loans and borrowings

This note provides information about the terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 23.

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
Non-current liabilities		
Lease liabilities	**45,538**	56,027
	45,538	56,027
Current liabilities		
Current portion of bank loans and overdrafts	**25,617**	175,109
Current portion of lease liabilities	**17,073**	22,137
	42,690	197,246
Total interest-bearing loans and borrowings	**88,228**	253,273
Amount due for settlement		
On demand or within one year	**42,690**	197,246
Between one and five years	**36,866**	36,705
After five years	**8,672**	19,322
	88,228	253,273

Notes *(continued)*

20 Interest-bearing loans and borrowings *(continued)*

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	31 March 2024 Fair value	31 March 2024 Carrying amount
				£000	£000
Bank loans and overdrafts	GBP	**BOE rate +2 %**	2025	25,617	25,617
Lease liabilities	GBP	**fixed**	2028	62,611	62,611
				88,228	**88,228**

Both the lender of the ABL and the Company have various registered charges on the shares and assets of the Group entities, The full list of these charges is available on the Companies House website.

Changes in liabilities from financing activities

	Bank loans and overdrafts	Lease liabilities	Total
	£000	£000	£000
At 1 April 2022 (unaudited)	-	-	-
Acquired in business combination	**352,494**	**250,344**	**602,838**
Changes from financing cash flows			
Proceeds from new loans	**175,109**	**-**	**175,109**
Repayments of borrowings	**(352,494)**	**-**	**(352,494)**
Payments of lease liabilities	**-**	**(41,493)**	**(41,493)**
Transferred to liabilities held for sale	**-**	**(115,910)**	**(115,910)**
Interest paid	**(15,069)**	**(5,891)**	**(20,960)**
Total changes from financing cash flows	**160,040**	**87,050**	**247,090**
Non-cash changes			
Interest accrued	**15,069**	**5,946**	**21,015**
Released	**-**	**(36,007)**	**(36,007)**
Disposals	**-**	**(8,877)**	**(8,877)**
New leases	**-**	**30,052**	**30,052**
Total non-cash changes	**15,069**	**(8,886)**	**6,183**
At 1 April 2023 (unaudited)	**175,109**	**78,164**	**253,273**
Changes from financing cash flows			
Proceeds from new loans	**25,617**	**-**	**25,617**
Repayments of borrowings	**(175,109)**	**-**	**(175,109)**
Payments of lease liabilities	**-**	**(25,552)**	**(25,552)**
Interest paid	**(17,816)**	**(3,703)**	**(21,519)**
Total changes from financing cash flows	**(167,308)**	**(29,255)**	**(196,563)**
Non-cash changes			
Interest accrued	**17,816**	**3,395**	**21,211**
Disposals		**(23,491)**	**(23,491)**
New leases	**-**	**33,798**	**33,798**
Total non-cash changes	**17,816**	**13,702**	**31,518**
At 31 March 2024	**25,617**	**62,611**	**88,228**

Notes *(continued)*

21 Retirement benefit plans

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for its employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amounts of forfeited contributions.

The total cost charged to profit or loss of £8,191,000 (31 March 2023: £10,796,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 March 2024, contributions of £nil (31 March 2023: £1,154,000) due in respect of the current reporting period had not been paid over to the schemes and are included in other payables.

Defined benefit schemes

Admenta UK Limited Pension Fund

The Group participates in a group defined benefit scheme for qualifying employees operated by AUL. The scheme is funded and constituted as an independently administered fund with assets being held separately from those of the Group. In November 2021, Mckesson announced an agreement to sell Admenta UK Limited and its subsidiaries to Aurelius. As part of the sale, it was agreed that the Scheme would align itself towards a buyout basis. Therefore, in conjunction with the sale, the following agreement was entered into.

On 26 October 2021, the Trustees entered into an agreement with AUL and McKesson Corporation to seek to buyout the Scheme with an annuity provider. Under the terms of this agreement, McKesson's parental guarantee has been released and additional funds totalling £12 million were paid into the Scheme in October 2021. A letter of credit securing a further £35 million was agreed between the Trustees, AUL and McKesson Corporation. The letter of credit was agreed to cover the costs of buyout and windup and any other associated fees. The Scheme commenced wind up with effect from 1 April 2022 to conclude after all benefits are secured.

With effect from 6 April 2022, the ownership of AUL changed from being part of the McKesson Corporation to being part of the Aurelius Group. The Trustees monitored this transaction with their advisers and are satisfied that due to the arrangements put in place to support the buy-out of the Scheme, this does not have an adverse impact.

As part of the buy-out process, the Trustees entered into a bulk purchase annuity agreement with Just Retirement Limited ('Just') on 14 December 2022. The contract with Just is an initial stage of a buy-out process in order to prospectively secure annuity policies for all members. Once the process is complete, members benefits will be bought out in full with Just.

There are two companies with employees enrolled in this Scheme: AAH Pharmaceuticals Limited (AAH) and Lloyds Pharmacy Limited (LPL). On 24 November 2023, Lloyds Pharmacy Limited was renamed to Diamond DCO Two Limited and sold to a third party, Sapphire 333 Limited. In January 2024, Lloyds Pharmacy went into a voluntary liquidation.

LPL was sold to a third party in November 2023, and the entity is no longer part of the Group at year end. As LPL is not under the same control as AUL and AAH, the Scheme meets the criterion of the multi-employer pension plan.

All three entities are jointly obligated to fund the Scheme, and the assets contributed to the Scheme are used to cover employee benefits without regard to the employer. Consequently, the Scheme has been treated as a multi-employer pension plan at year end.

Through this Scheme the Group is exposed to a number of risks, the most significant of which are as follows:

Asset volatility

The Scheme liabilities are calculated using a discount rate set with reference to gilt yields; if Scheme assets underperform this yield, this will create a deficit. As a result of the agreement to sell AUL and wind-up the Scheme, the Scheme reduced the level of investment risk by investing more in assets that better match the liabilities.

Changes in gilt yields

A decrease in gilt bond yields will increase Scheme liabilities, although this will be matched by the valuation of the scheme's bulk annuity contract assets.

Notes *(continued)*

21 Retirement benefit plans *(continued)*

***Admenta UK Limited Pension Fund** (continued)*

Inflation risk

The majority of the Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, restrictions on the level of inflationary increases are in place to protect the Scheme against extreme inflation). The Scheme's assets are unaffected by (fixed interest bonds) inflation, meaning that an increase in inflation will not materially increase a deficit.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Scheme's liabilities.

The Scheme is also exposed to the risk of insolvency of the bulk annuity provider. The Group and Trustees have agreed a strategy to wind-up the Scheme, which will fully remove all risks associated with the Scheme.

The Scheme is funded and constituted as an independently administered fund with the assets being held separately from those of the Group. The operating costs are borne by the Scheme.

The last full valuation was carried out as at 5 April 2020. The Scheme commenced wind-up on 1 April 2022; as such, there is no further requirement for full funding valuations, instead an annual estimate of solvency is required each year. The Scheme's solvency funding estimate is calculated by the Scheme Actuary as a roll forward from the 5 April 2020 funding valuation. The valuation is updated to each accounting year end by a qualified independent actuary.

Statement of financial position

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
Present value of defined benefit obligations	**(212,600)**	(234,900)
Fair value of plan assets	**212,600**	234,900
	-	-

Changes in the present value of the defined benefit obligation

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
At the start of the period	**234,900**	-
Acquired through business combination	**-**	238,363
Interest expense	**8,910**	7,056
Benefits paid	**(12,849)**	(13,747)
Actuarial loss	**(18,361)**	3,228
	212,600	234,900

Changes in fair value of the plan assets

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
At the start of the period	**234,900**	-
Acquired through business combination	**-**	238,363
Interest income	**8,910**	7,967
Benefits paid	**(12,849)**	(13,747)
Return on plan assets (less than) / in excess of interest on scheme assets	**(18,361)**	2,317
	212,600	234,900

Notes *(continued)*

21 Retirement benefit plans *(continued)*

Admenta UK Limited Pension Fund *(continued)*

Total costs for the year in relation to defined benefit plans

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Recognised in income statement		
Net interest credit	**-**	(911)
	-	(911)
Recognised in other comprehensive income		
Actuarial losses	**-**	911
	-	911

Fair value of major categories of plan assets

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
Insurance contracts quoted	**204,500**	222,540
Cash and cash equivalents	**6,000**	8,820
Other - Expected drawdown from letter of credit	**2,100**	3,540
	212,600	234,900

None of the Scheme assets are invested in the Group's financial instruments or in property occupied by, or other assets used by, the Group. The return on plan assets for the year ended 31 March 2024 was a loss of £9,451,000 (31 March 2023: was a credit of £10,284,000).
The Group has the facility to drawdown on the McKesson guarantee (supported by a letter of credit) to remove any deficit upon buyout, up to the value of £35m. The McKesson guarantee is therefore treated as an asset to the extent that it is expected to be used. So, the item “Contingent asset” is the value which is expected to need to be taken from the McKesson guarantee at the disclosure date 31 March 2024.

Principal actuarial assumptions

The principal actuarial assumptions as at the statement of financial position date were:

	31 March 2024	**31 March 2023**
Discount rate (%)	**4.4**	3.9
Expected rate of salary increase (%)	**N/A**	N/A
Expected rate of increase in pensions (%)	**3.3**	3.5
Inflation assumptions (%)	**3.6**	3.8
Assumed life expectancies on retirement		
For a male aged 65 now	**87.0**	87.0
At 65 for a male aged 45 now	**88.4**	88.4
For a female aged 65 now	**89.1**	89.1
At 65 for a female aged 45 now	**90.6**	90.6

Sensitivity

The following sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is shown in the following table. The total value of the defined benefit obligation, due to changes in the weighted principal assumptions, is as follows.

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Notes *(continued)*

21 Retirement benefit plans *(continued)*

Admenta UK Limited Pension Fund *(continued)*

Sensitivity (continued)

	31 March 2024	31 March 2023 (unaudited)
	£'000	£'000
Increase in discount rate of 0.5%	**201,587**	223,346
Decrease in discount rate of 0.5%	**225,175**	247,779
Increase in rate of pension progression of 0.5%	**218,129**	240,860
Decrease in rate of pension progression of 0.5%	**207,118**	229.607
Increase in rate of increase in salaries of 0.5%	**212,600**	234,900
Decrease in rate of increase in salaries of 0.5%	**212,600**	234,900
Increase in mortality of retiree of 10%	**205,883**	228,587
Decrease in mortality of retiree of 10%	**220,337**	242.024

Funding

The contributions, including administration expenses relating to expenses and levies to the Scheme, paid by the Group in the year amounted to £nil (31 March 2023: £nil), which includes £nil (31 March 2023: £nil) in respect of reducing the Scheme's funding deficit, which are included in the accounting results. All contributions and payments relating to administration expenses are excluded from the accounting results.

As the Scheme is closed to ongoing accrual there were no contributions in respect of additional accrued benefits during the year. The Fund is closed to new members and so the average age of the membership will increase over time. The weighted average duration of the defined benefit obligation is 11 years. The level of benefits provided by the Scheme depends on a member's length of service and their salary at their date of leaving the Scheme.

Contingent liability

The Group is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the scheme trustees and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

The Sangers (Northern Ireland) Limited Pension Fund

This is a career average defined benefit scheme with members of the scheme being certain employees of Sangers (Northern Ireland) Limited subsidiary. The defined benefit liability has been assumed by the Group based on it being the sponsoring employer for each member of the Scheme. Through this Scheme the Group is exposed to a number of risks, the most significant of which are as follows:

Asset volatility

The Scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if Scheme assets underperform this yield, this will create a deficit. The UK plans hold a significant proportion of assets in return seeking assets such as equities, property and diversified growth funds, which are expected to outperform bonds in the long-term while providing more volatility and risk in the short-term.

As the Scheme matures, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Group believes that due to the long-term nature of the Scheme liabilities and the strength of the supporting company a level of continuing investment in return seeking assets is appropriate.

Changes in bond yields

A decrease in corporate bond yields will increase Scheme liabilities, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Notes *(continued)*

21 Retirement benefit plans *(continued)*

The Sangers (Northern Ireland) Limited Pension Fund *(continued)*

Inflation risk

The majority of the Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, restrictions on the level of inflationary increases are in place to protect the Scheme against extreme inflation). The majority of the Scheme's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit. Benefits are accrued under a formula linked to career average earnings and this provides a degree of offset against the effects of inflation in the future.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the members, so increases in life expectancy will result in an increase in the Scheme's liabilities.

The Scheme is funded and constituted as an independently administered fund with the assets being held separately from those of the Group. The operating costs are borne by the employer. A full actuarial valuation is carried out every 3 years as required by the pension regulator; the last full valuation was carried out as at 31st March 2023. The next full valuation will be as of 31 March 2026. The valuation is updated to each accounting year end by a qualified independent actuary.

Statement of financial position

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
Present value of defined benefit obligations	**(19,977)**	(20,724)
Fair value of plan assets	**23,849**	22,561
	3,872	1,837

Changes in the present value of the defined benefit obligation

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
At the start of the period	**20,724**	-
Acquired through business combination	**-**	24,507
Current service costs	**156**	147
Contributions by employees	**34**	31
Interest expense	**962**	683
Benefits paid	**(993)**	(1,028)
Actuarial (gain) / loss arising from changes in demographic assumptions	**(912)**	2,615
Actuarial gain arising from changes in financial assumptions	**(504)**	(7,587)
Experience loss	**510**	1,356
	19,977	20,724

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Notes *(continued)*

21 Retirement benefit plans *(continued)*

The Sangers (Northern Ireland) Limited Pension Fund *(continued)*

Changes in fair value of the plan assets

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
At the start of the period	**22,561**	-
Acquired through business combination	**-**	27,853
Interest income	**1,065**	794
Benefits paid	**(993)**	(1,028)
Contributions by employer	**822**	1,556
Contributions by employees	**34**	31
Return on plan assets in excess of / (less than) interest on scheme assets	**360**	(6,645)
	23,849	22,561

None of the Scheme assets are invested in the Group's financial instruments or in property occupied by, or other assets used by, the Group.

The actual return on scheme assets in the year was a credit of £1.4 million (31 March 2023: was a loss of £5.9 million).

Total costs for the year in relation to defined benefit plans

	Year ended 31 March 2024	Year ended 31 March 2023 (unaudited)
	£000	£000
Recognised in income statement		
Current service cost	**156**	147
Net interest credit	**(103)**	(111)
	53	36
Recognised in other comprehensive income		
Actuarial losses	**(1,266)**	3,029

Fair value of major categories of plan assets

	31 March 2024	31 March 2023 (unaudited0
	£000	£000
Equity instruments (quoted) - L&G All World Equity Index Fund	**3,904**	4,738
Debt instruments (quoted)		
- L&G AAA-AA-A Corporate Bond over 15 Year Fund	**6,479**	6,265
- L&G 5-year Index Linked Gilt Fund	**8,872**	9,534
Property Fund (quoted) - L&G Managed Property Fund	**1,708**	1,702
Cash and cash equivalents	**2,886**	322
	23,849	22,561

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Notes *(continued)*

21 Retirement benefit plans *(continued)*

The Sangers (Northern Ireland) Limited Pension Fund *(continued)*

Principal actuarial assumptions

The principal actuarial assumptions as at the statement of financial position date (expressed as weighted averages) were:

	31 March 2024	31 March 2023 (unaudited)
Discount rate (%)	**4.8**	**4.7**
Expected rate of salary increase (%)	**2.5**	**2.6**
Expected rate of increase in pensions (%)	**2.5**	**2.6**
Inflation assumptions (%)	**2.3**	**2.3**
Assumed life expectancies on retirement		
For a male aged 65 now	**86.7**	**86.7**
At 65 for a male aged 45 now	**89.4**	**89.4**
For a female aged 65 now	**88.0**	**88.0**
At 65 for a female aged 45 now	**90.8**	**90.8**

Sensitivity

The below sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is shown in the table below. The total value of the defined benefit obligation, due to changes in the weighted principal assumptions, is as follows.

	31 March 2024 £'000	31 March 2023 (unaudited) £'000
Increase in discount rate of 0.5%	**18,773**	**19,428**
Decrease in discount rate of 0.5%	**21,312**	**22,138**
Increase in rate of pension progression of 0.5%	**20,757**	**21,647**
Decrease in rate of pension progression of 0.5%	**19,154**	**19,856**
Increase in rate of increase in salaries of 0.5%	**19,977**	**20,725**
Decrease in rate of increase in salaries of 0.5%	**19,977**	**20,725**
Increase in mortality of retirees of 10%	**19,590**	**20,243**
Decrease in mortality of retirees of 10%	**20,402**	**21,228**

Funding

The contributions, including administration expenses relating to expenses and levies to the Scheme, paid by the Group in the year amounted to £822,000 (31 March 2023: £1,556,000), which includes £727,000 (31 March 2023: £1,453,000) in respect of reducing the scheme's funding deficit, which are included in the accounting results. All contributions and payments relating to administration expenses are excluded from the accounting results. The Group contributed £95,000 over the year to 5 April 2024 for the accrual of member benefits and expects to contribute £97,000 to the Scheme over the 12 months to 5 April 2025.

The Scheme is open to ongoing accrual and Group contributions during the year were at a rate of 15.2% pa of member pensionable salary prior to 1 October 2020 and 26.4% pa thereafter plus £727,000 in respect of the current deficit recovery plan.

The Scheme is closed to new members and so the average age of the membership will increase over time. The weighted average duration of the defined benefit obligation is 13 years. The level of benefits provided by the Scheme depends on a member's length of service and their career average salary adjusted for inflation to the date of leaving the Scheme.

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Notes *(continued)*

22 Provisions

	Property provision £000	Restructuring provision £000	Other provision £000	Total £000
At 1 April 2022 (unaudited)	-	-	-	**-**
Amounts arising from acquisition	32,807	4,809	9,877	**47,493**
Provisions accrued during the year	722	12,241	5,003	**17,966**
Provisions used during the year	(6,487)	(6,445)	(3,820)	**(16,752)**
Change in discount rate	(11,179)	-	-	**(11,179)**
Release of provision	(936)	(2,830)	-	**(3,766)**
Liabilities held for sale	(8,571)	(6,085)	-	**(14,656)**
At 1 April 2023 (unaudited)	**6,356**	**1,690**	**11,060**	**19,106**
Provisions accrued during the year	2,606	3,714	1,465	**7,785**
Provisions used during the year	(3,142)	(1,690)	(3,490)	**(8,322)**
Change in discount rate	327	-	-	**327**
At 31 March 2024	6,147	3,714	9,035	**18,896**
Non-current	6,147	3,714	9,035	**18,896**
Current	-	-	-	**-**
	6,147	3,714	9,035	**18,896**

The property provisions represent an assessment of the costs to cover (a) rent increases accrued following rent reviews, (b) dilapidations. The assessment, which is undertaken at the end of each accounting period, is made on a property-by-property basis in conjunction with AUL's property services department.

It is expected that the property provision will be used during the remainder of the dilapidations and repair programme or until the assignment or disposal of the premises, with the majority of lease obligations expiring within the next 3 years and a maximum remaining period of up to 100 years.

The restructuring provision represents an assessment of the costs associated with the head office restructuring. Other provisions relate to the expected liability the group has to cover the excess on insurance claims.

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Notes *(continued)*

23 Capital and reserves

Share capital

In thousands of shares	**Ordinary shares 31 March 2024 000**
On issue at 1 April 2022	65
Issued during the year 2023	56,008
On issue at 31 March 2023	**56,073**
Cancelled during the year 2024	(56,073)
On issue at 31 March 2024	**-**

	31 March 2024 £000	31 March 2023 (unaudited) £000
Allotted, called up and fully paid		
1 (2023: 30,025,120) Ordinary shares of £1 each	-	30,025
Nil (2023: 2,949,587,738) ordinary shares of Euro 0.01 each	-	26,048
	-	**56,073**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 11 August 2023, the Company reduced the aggregate nominal value of its share capital from £56,073,000 to £nil by cancelling 30,025,119 ordinary shares of £1 each and 2,949,587,738 ordinary shares of EUR 0.01 each (31 March 2023: The Company issued 29,960,120 ordinary shares of £1 each and 2,949,587,738 ordinary shares of Euro 0.01 each during the year).

Dividends

The Company paid dividends of £387,900,000 during the year (31 March 2023: £nil)

After the balance sheet date, the Company paid a dividend of £59,000,000 to the parent.

Retained earnings/(losses)

This reserve records retained earnings and accumulated losses.

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Notes *(continued)*

24 Financial instruments

The Group has exposure to the following risks arising from financial instruments: credit risk, liquidity risk, market risk, including currency risk and interest rate risk.

Financial risk management

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group.

Capital management

The Group's definition and management of capital focuses on capital employed. The Group's capital employed is reported in the consolidated balance sheet.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The Board's policy is to retain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future growth. The directors regularly monitor the level of capital in the Group to ensure that this can be achieved. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
Total borrowings	**(88,228)**	(253,273)
Less: cash	**90,123**	103,337
Net (debt) / cash	**1,895**	(149,936)
Total equity – net assets/(liability)	**94,280**	126,633

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, considering its financial position, past experience and other factors. individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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Notes *(continued)*

24 Financial instruments *(continued)*

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk:

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
Trade and other receivables (excluding VAT receivable)	**672,563**	763,589
Cash	**90,123**	103,337
	762,686	866,926

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company 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 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.

Maturity analysis for financial liabilities

The following table sets out the remaining contractual maturities of the Group's financial liabilities by type. The following are contractual undiscounted cash flows.

31 March 2024

	Fair value £000	**Less than 1 year £000**	**2-5 years £000**	**More than 5 years £000**	**Total £000**
Bank loans and overdraft	25,617	25,617	-	-	25,617
Lease liabilities	62,611	17,073	45,045	7,950	70,068
Trade payables	979,139	979,139	-	-	979,139
Other payables	23,944	23,944	-	-	23,944
Accruals	38,207	38,207	-	-	38,207
At 31 March 2024	**1,129,518**	**1,083,980**	**45,045**	**7,950**	**1,136,975**

31 March 2023 (unaudited)

	Fair value £000	**Less than 1 year £000**	**2-5 years £000**	**More than 5 years £000**	**Total £000**
Bank loans and overdraft	175,109	175,109	-	-	175,109
Lease liabilities	78,164	22,137	41,204	24,151	87,492
Trade payables	831,473	831,473	-	-	831,473
Other payables	23,074	23,074	-	-	23,074
Accruals	186,610	186,610	-	-	186,610
At 31 March 2023	1,294,430	1,238,403	41,204	24,151	1,303,758

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Notes *(continued)*

24 Financial instruments *(continued)*

Interest rate risk

The Group's interest rate risk arises from its variable and fixed rate instruments being loans with third parties and lease liabilities. Borrowings issued at variable rates exposes the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group monitors the levels of fixed to floating debt held to manage these risks and aims to ensure that it had appropriate cash facilities as discussed in Liquidity risk section above, to meet liabilities as they fall through.

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments were as follows:

	31 March 2024	31 March 2023 (unaudited)
	£000	£000
Variable rate instruments		
Financial liabilities	**25,617**	**175,109**
Fixed rate instruments		
Financial liabilities	62,611	**78,164**

Fair value of financial instruments

IFRS 7 'Financial Instruments: Disclosure' requires fair value measurements to be undertaken using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The carrying value of all financial assets measured at amortised cost is considered to be an appropriate approximation of fair value. The fair value of all financial liabilities reflects market interest rates being applied.

	Carrying value 31 March 2024	**Fair value 31 March 2024**	**Carrying value 31 March 2023 (unaudited)**	**Fair value 31 March 2023 (unaudited)**
	£000	**£000**	**£000**	**£000**
Financial assets				
Cash	**90,123**	**90,123**	103,337	103,337
Trade and other receivables	**672,563**	**672,563**	763,589	763589
	762,686	**762,686**	866,926	866,926
Financial liabilities				
Trade and other payables	**1,041,290**	**1,041,290**	1,041,157	1,041,157
Borrowings	**95,685**	**88,228**	262,601	253,273
	1,136,975	**1,129,518**	1,303,758	1,294,430

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Notes *(continued)*

25 Leases

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss:

	Year ended 31 March 2024 £000	Year ended 31 March 2023 (unaudited) £000
Depreciation expense on right-of-use assets	**20,287**	**36,831**
Impairment charges on right-of-use assets	**-**	**10,704**
Interest expense on lease liabilities	**3,395**	**5,946**
Expenses relating to short-term leases	**9,597**	**13,388**
Income from sub-leasing right-of-use assets	**(829)**	**(1,788)**
	32,450	**65,081**

Amounts recognised in statement of cash flows

	Year ended 31 March 2024 £000	Year ended 31 March 2023 (unaudited) £000
Total cash outflows for leases	**25,947**	**41,493**
Total cash outflow for interest on lease liabilities	**3,703**	**5,891**

Leases as a lessee

The Group leases property and vehicles. Rental contracts for property and vehicles are typically made for a period ranging from 3 to 50 years.

The Group presents right-of-use assets as part of property, plant and equipment (see note 13).

The following table sets out a maturity analysis of the discounted value of the lease payments to be paid after the reporting date:

	Year ended 31 March 2024 £000	Year ended 31 March 2023 (unaudited) £000
Less than one year	**17,073**	**22,137**
Between one and five years	**36,866**	**36,811**
After five years	**8,672**	**19,216**
	62,611	**78,164**

26 Contingencies

No contingent liabilities as of the balance sheet date.

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Notes *(continued)*

27 Related parties

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel

The Group consider key management personnel to be the directors of the Group; their compensation is shown in note 8.

Other related party transactions

The Group entities entered into transactions with Aurelius subsidiaries outside of the Aurelius Crocodile Group are listed below:

Statement of comprehensive income:

	Professional services 31 March 2024 £000	Sublease rent 31 March 2024 £000	Professional services 31 March 2023 £000	Sublease rent 31 March 2023 £000
Entities with significant influence over the group or under common control:				
Aurelius Investment Lux One SARL	**297**	**-**	91	-
Aurelius Equity Opportunities SE & Co.KGaA	**-**	**-**	475	-
Aurelius Portfolio Management AG	**2,545**	**-**	2,976	-
Aurelius Investments Limited	**-**	**4**	2,862	2
Rivus Fleet Solutions Limited	**4,417**	**-**	-	-
	7,259	**4**	6,404	2

Statement of financial position:

	Amounts owed to related parties 31 March 2024 £000	Amounts owed to related parties 31 March 2023 £000
Entities with significant influence over the group or under common control:		
Aurelius Investment Lux One SARL	**30**	74
	30	74

Aurelius Crocodile Limited and its subsidiaries are related to Aurelius Investment Lux One SARL as they are both companies invested in by Aurelius Equity Opportunities SE & Co. KGaA.

Aurelius Crocodile Limited and its subsidiaries are related to Aurelius Portfolio Management AG as they are both companies invested in by Aurelius Equity Opportunities SE & Co. KGaA.

Aurelius Crocodile Limited and its subsidiaries are related to Aurelius Investments Limited as they are both companies invested in by Aurelius Equity Opportunities SE & Co. KGaA.

Aurelius Crocodile Limited and its subsidiaries are related to Rivus Fleet Solutions Limited as they are both companies invested in by Aurelius Equity Opportunities SE & Co. KGaA.

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Notes *(continued)*

28 Ultimate parent company and immediate parent

The immediate parent undertaking is Aurelius Investment Lux One S.A.R.L. a company registered in Luxembourg. The registered office address is 4, Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg.

The ultimate parent undertaking of the Company is Aurelius European Opportunities IV, S.C.A. SICAV-RAIF, a Luxembourg fund. The controlling party of the Company is Aurelius Investment Lux One S.A.R.L., a company registered in Luxembourg whose registered office address is 4, Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg.

The definition of significant control for the purpose of the UK "People with significant control register" is boarder than the definition of control in IAS 24. For the purpose of the PSC register, the ultimate parent undertaking and controlling party of the Company is Aur Gp Holdco (UK) Limited, a company registered in the United Kingdom. This company is the owner of the General Partner of the Aurelius European Opportunities IV, S.C.A. SICAV-RAIF.

29 Subsequent events

The Company paid dividends of £59 million in total to its parent company in April 2024, July 2024 and December 2024.

30 Contingent Liabilities

The Certain members of the Group are a Joint Obligor and Guarantor to the Aurelius Elephant Limited asset-backed Loan ("ABL") facility. Under the terms of the facility, certain members of the Group can borrow up to £275m against eligible receivables. The loan facilities are secured on qualifying accounts receivables of AAH Pharmaceuticals Limited and Lloyds Clinical Limited.
The group outstanding balance at the balance sheet date was £25.6m for (2023: £175m).

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Company Balance Sheet

at 31 March 2024

	Note	**31 March 2024**	As restated 31 March 2023
		£000	£000
Fixed assets			
Investments	*35*	**10,836**	10,836
		10,836	10,836
Current assets			
Debtors falling due after more than one year	*36*	**49,255**	45,812
Debtors falling due within one year	*37*	**848**	70
Cash		**4,639**	41
		54,742	45,923
Total assets		**65,578**	56,759
Current liabilities			
Creditors falling due within one year	*38*	**(534)**	(75)
Total liabilities		**(534)**	(75)
Net assets		**65,044**	56,684
Equity			
Share capital	*39*	**-**	56,073
Retained earnings	*39*	**65,044**	611
Shareholder funds		**65,044**	56,684

As permitted by Section 408 of the Companies Act 2006, a separate profit or loss account of the Parent Company has not been presented. The Parent Company's profit for the year was £396m, due to dividends received in the year (2023: £0.6m).

The notes on pages 74 to 80 form part of these financial statements.

These financial statements of Aurelius Crocodile Limited were authorised and approved by the board of directors on 21 December 2024 and were signed on behalf of the board by:

The prior year balances were restated as per note 39.

DocuSigned by:

Dominik Mueser

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D Mueser
Director

Company registered number: 12867781

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Company Statement of Changes in Equity

For the year ended 31 March 2024

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 April 2022	65	(8)	57
Comprehensive income for the period			
Loss for the period	-	(1,071)	(1,071)
Prior year adjustments – restatement	-	1,690	1,690
Total comprehensive income for the period (as restated)	-	619	619
Contributions by and distributions to owners			
Shares issued during the year	56,008	-	56,008
Total contributions by and distributions to owners	56,008	-	56,008
Balance at 31 March 2023 (as restated)	56,073	611	56,684
Total comprehensive loss for the year			
Profit for the year	-	396,260	396.260
Total comprehensive income for the year	**-**	**396,260**	**396,260**
Contributions by and distributions to owners			
Dividends paid	-	(387,900)	(387,900)
Shares cancelled and transferred to retained earnings	(56,073)	56,073	-
Total contributions by and distributions to owners	**(56,073)**	**(331,827)**	**(387,900)**
Balance at 31 March 2024	**-**	**65,044**	**65,044**

The notes on pages 74 to 80 form part of these financial statements.

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Notes

31 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 46.

Measurement convention

The financial statements are prepared on the historical cost basis unless otherwise specified within these accounting policies and in accordance with FRS 102 and the Companies Act 2006.

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Going concern

Going concern assessment of the Company is detailed in the notes to the Consolidated financial statements on page 29 and forms part of this accounting policy by reference.

Financial instruments

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, which are measured at their transaction price including transaction costs.

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Notes *(continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.
Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Basic financial liabilities, which include trade and other payables, bank loans and other loans, which are measured at their transaction price after transaction costs.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

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.

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.

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Notes *(continued)*

32 Auditors' remuneration

Auditor's remuneration for the audit of the Company's and subsidiaries financial statements for the current and prior year are detailed in note 7 of these financial statements.

33 Employees

The Company has no employees other than the directors. The details of the remuneration of the directors are set out in note 9 of these financial statements.

34 Dividends

	31 March 2024	31 March 2023
	£000	£000
Dividends paid	**387,900**	-

35 Investments

	Investments in subsidiary companies £000
Cost	
At 1 April 2023 (as previously stated)	983
Prior year adjustments (see note 36)	9,853
At 1 April 2023 (as restated)	10,836
At 31 March 2024	10,836
Net book value	
At 31 March 2023 (as restated)	10,836
At 31 March 2024	**10,836**

The Company invested £nil during the year (31 March 2023: invested £935,000 in Aurelius Fox Limited and £9,853,000 in Aurelius Elephant Limited). The prior year balances were restated as per note 36.

The directors consider that the aggregate value of the Company's shares in its group undertakings as at the year-end is not less than the aggregate of the amounts at which the shares are included in the Company's balance sheet.

Details of the subsidiaries as at 31 March 2024 are listed in the notes to the Consolidated financial statements on pages 51-52 and form part of these financial statements by reference.

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Notes *(continued)*

36 Debtors

	31 March 2024 £000	Restated 31 March 2023 £000
Debtors falling due less than one year		
Amounts owed by group undertakings	**848**	70
	848	70
Debtors falling due more than one year		
Amounts owed by group undertakings	**49,255**	45,812
	50,103	45,882

The Amounts owed by group undertakings represent a loan from an indirect subsidiary and repayable in July 2025. Interest is charged at 2% above the Bank of England rate, it changed from 3% to 2% from August 2023 in line with the new ABL. Refer note 20 for further details on ABL.

The prior year balances were restated as per note 40.

37 Cash

	31 March 2024 £000	31 March 2023 £000
Cash at bank and in hand	**4,639**	41

38 Creditors

	31 March 2024 £000	31 March 2023 £000
Current		
Amounts owed to group undertakings	**30**	59
Other taxation and social security	**5**	8
Accruals	**499**	8
	534	75

Current amounts owed to group undertakings are due on demand and represent interest-free loans.

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Notes *(continued)*

39 Capital and reserves

Share capital

In thousands of shares	**Ordinary shares 31 March 2024**
At 1 April 2022	**65**
Issued for cash	**56,008**
At 31 March 2023	**56,073**
Shares cancelled	**(56,073)**
At 31 March 2024	**-**

	31 March 2024 £000	31 March 2023 £000
Allotted, called up and fully paid		
1 (2023: 30,025,120) ordinary shares of £1 each	**-**	30,025
Nil (2023: 2,949,587,738) ordinary shares of Euro 0.01 each	**-**	26,048
	-	56,073

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 11 August 2023, the Company reduced the aggregate nominal value of its share capital from £56,073,000 to £1 by cancelling 30,025,119 ordinary shares of £1 each and 2,949,587,738 ordinary shares of EUR 0.01 each.

40 Prior year adjustment - Fair value adjustment on the Interest free loans to the subsidiary

	Statement of financial position	Statement of financial position	Statement of financial position	Statement of comprehensive income
	Investments in subsidiaries (note 34)	Amounts owed by group undertakings (note 35)	Retained earnings	Interest receivable
	£000	£000	£000	£000
At 31 March 2023 as previously stated	983	53,975	(1,079)	-
Prior period adjustment	9,853	(8,163)	1,690	1,690
At 31 March 2023 as restated	10,836	45,812	611	1,690

The comparative figures of the statement of financial position and statement of comprehensive income are restated to reflect the fair value adjustment on the interest free loan to the subsidiary. If an arrangement constitutes a financing transaction, paragraph 11.13 of FRS 102 requires the initial measurement to be at the present value of future payments (including interest payments and repayment of the principal), discounted at a market rate of interest for a similar debt instrument. The market rate used for the calculation was 5.25% (2023: 4.25%).
This was omitted in the prior year financial statement, and it has been corrected and restated in the current year financial statement. There is no impact on the balances at 1st April 2022, which is the start of the earliest period disclosed in these financial statements. A reconciliation to amounts previously reported is provided in the above table.

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Notes *(continued)*

41 Financial instruments

	31 March 2024	31 March 2023
	£000	£000
Financial assets		
Cash	**4,639**	41
Debt instruments measured at amortised cost	**50,103**	45,882
	54,742	45,923
Financial liabilities		
Financial liabilities measured at amortised cost	**529**	67
	529	67

42 Commitments

The Company has provided a letter of support to its subsidiary, HHG Fox One Limited, to provide financial support to the company to meet its liabilities, should it be required, for a minimum of 12 months from the approval of these financial statements.

43 Related parties

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

Other transactions with the companies which have significant influence over the group and outside Aurelius Crocodile Limited group are listed below:

Statement of comprehensive income:	
Aurelius Investment Lux One SARL (Professional services)	£61,000 (31 March 2023: £60,000)
Aurelius Investments Limited (Sublease rent)	£1,000 (31 March 2023: £1,000)
Statement of financial position:	
Aurelius Investment Lux One SARL (Intercompany payable)	£30,000 (31 March 2023: £59,000)

Aurelius Crocodile Limited is related to Aurelius Investment Lux One SARL as they are both companies invested in by Aurelius Equity Opportunities SE & Co. KGaA.

Aurelius Crocodile Limited is related to Aurelius Investment Limited as they are both companies invested in by Aurelius Equity Opportunities SE & Co. KGaA.

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Notes *(continued)*

44 Ultimate parent company and immediate parent company

The immediate parent undertaking is Aurelius Investment Lux One S.A.R.L. a company registered in Luxembourg. The registered office address is 4, Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg.

The ultimate parent undertaking of the Company is Aurelius European Opportunities IV, S.C.A. SICAV-RAIF, a Luxembourg fund. The controlling party of the Company is Aurelius Investment Lux One S.A.R.L., a company registered in Luxembourg whose registered office address is 4, Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg.

The definition of significant control for the purpose of the UK "People with significant control register" is boarder than the definition of control in IAS 24. For the purpose of the PSC register, the ultimate parent undertaking and controlling party of the Company is Aur Gp Holdco (UK) Limited, a company registered in the United Kingdom. This company is the owner of the General Partner of the Aurelius European Opportunities IV, S.C.A. SICAV-RAIF.

45 Post balance sheet events

The Company paid dividends of £59 million in total to its parent company in April 2024, July 2024 and December 2024. The Company also received a dividend of £22.5 million from the subsidiary in December 2024.

46 Accounting estimates and judgements

In applying the Company's accounting policies, which are described in note 30, 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.

Management do not consider there to be any material critical judgements in applying the Company's accounting policies. In the process of applying the Company's accounting policies the directors have concluded that there are no key sources of estimation uncertainty on the amounts recognised in the financial statements.