Ebbw Vale Consortium Limited

Annual report and financial statements

Registered number 1338409 (England and Wales)

4 July 2015

Contents

Strategic report

The directors present their annual strategic report and the audited financial statements of Ebbw Vale Consortium Limited (the Company) for the period ended 4 July 2015.

Principal activities
The principal activities of the Company during the period related to retail chemists.

Business review
The results of the Company for the period are set out in the income statement on page 6 of the financial statements. During the period, the Company made a *profit before taxation of £287,513 (period ended 4 January 2014: profit of £160,192). The increase in profitability arose due to a increase in revenue.* During the period, the Company extended its accounting reference period and therefore these financial statements have been prepared for a 80 week period. Prior year results are therefore not comparable.

Future development and performance of the business
The future development of the business is to improve gross margins and maximise profitability by realising efficiencies within the business.

Principal risks and uncertainties
The key business risks and uncertainties affecting the Company are considered to relate to government funding policy for community pharmacy, competition from both national and independent retailers, employee retention and product availability.

Key Performance Indicators
The company is part of the Well Pharmacy division (the 'Well group') of Bestway (Holdings) Limited. The key performance indicators of the Well group which are monitored by the directors include financial performance, growth in and engagement of members of the Well group, growing customer loyalty and the corporate reputation of the Well group, which is in addition to monitoring revenue and profitability of the Company.

By order of the Board

C Hilton
Secretary

Date 4/12/15

Registered Office:
Merchants Warehouse
Castle Street,
Castlefield
Manchester
M3 4LZ

Directors' report

The Directors present their report and financial statements for the period ended 4 July 2015.

Dividend
The Directors do not recommend payment of a dividend (year ended 4 January 2014: £nil).

Directors
The Directors who held office during the period were as follows:

J B Nuttall	(appointed 30 September 2014)
AJ Smith	
National Co-operative Chemists Limited	(resigned: 30 September 2014)

The Directors benefited from third party indemnity provisions in place during the financial period and at the date of this report.

Employees

The main communication with employees is via the intranet site. This includes business specific information provided through Branch Support Emails. All managers are kept informed about the Well group's performance through annual reports, management bulletins and the electronic weekly news service.

The Company's policy is to recruit disabled workers for those vacancies they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employees are also consulted on a regular basis so that the views of the employees can be taken into account in making decisions which are likely to affect their interests.

Financial Instruments
For information regarding the financial risk management of the Company, refer to Note 16.

Going concern
The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The Company made a post-tax profits in the current year and the directors expect continued profits at this level. The Company had net assets as at 4 July 2015. Based on this the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Political contributions
The company has made no political donations during the period (year ended 4 January 2014: £nil).

Corporate Governance
The Company is an indirect direct subsidiary of Bestway Panacea Holdings Limited. The Directors sit on the Well Businesses Board who determine the major operating decisions of this Company.

The Board meets monthly and reviews operating performance against the strategic business plan and detailed management budgets. This strategic business plan incorporates all aspects of strategy and associated risks; all proposals for contract variations are vetted before approval against the plan. The Board reserves its own decision on contractual expenditure above a certain amount and associated funding. The Board comprises of 5 Directors from the business and a non- executive director.

The Board, after seeking appropriate external advice, decides upon the accounting policies which are appropriate for the Company and ensures they are consistently applied. The Board has instigated a rigorous process of internal control, under the discipline of contractual agreements, in order to safeguard the outcomes for the Company in terms of operational performance, financial control, legal and regulatory compliance provisions for risk factors and longer term relationships.

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors
During the period, KPMG LLP was appointed as the Company's external auditor. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Caroline Hilton

C Hilton
Secretary

Date 4/12/15

Registered Office:
Merchants Warehouse
Castle Street
Castlefield
Manchester
M3 4LZ

Statement of directors' responsibilities in respect of the Strategic Report, Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, Directors' 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EBBW VALE CONSORTIUM LIMITED

We have audited the financial statements of Ebbw Vale Consortium Limited for the period ended 4 July 2015 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 4 July 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other matter – Prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Ashley Rees (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
EC14 5GL

8/12/2015

Income statement
for the period ended 4 July 2015

	Notes	80 week period ended 4 July 2015 £	Unaudited 52 week period ended 4 January 2014 £
Revenue	1	1,488,527	955,864
Cost of sales		(958,435)	(601,972)
Gross profit		530,092	353,892
Administrative expenses		(262,579)	(193,700)
Operating profit		267,513	160,192
Profit before taxation	2	267,513	160,192
Taxation	5	(231)	-
Profit for the period		267,282	160,192

All amounts relate to continuing activities.

Statement of comprehensive income
for the period ended 4 July 2015

The Company has no recognised income or expenses in the current period or prior period other than those included in the income statement shown above.

The notes on pages 10 to 17 form part of these Financial Statements.

Balance Sheet
at 4 July 2015

	Notes	As at 4 July 2015 £	As at 4 July 2015 £	*Unaudited* As at 4 January 2014 £	*Unaudited* As at 4 January 2014 £
Non-current assets					
Property, plant and equipment	6	6,152		5,892	
Total non-current assets			6,152		5,892
Current assets					
Inventories	7	25,481		39,562	
Trade and other receivables	8	870,188		504,557	
Cash and cash equivalents		886		49,965	
Total current assets			896,555		594,084
Total assets			902,707		599,976
Non-current liabilities					
Deferred tax liabilities	10	(231)		-	
Total non-current liabilities			(231)		-
Current liabilities					
Trade and other payables	9	(42,742)		(7,523)	
Total current liabilities			(42,742)		(7,523)
Total liabilities			(42,973)		(7,523)
Net assets			859,735		592,453
Equity					
Called up share capital	11		100		100
Retained earnings			859,635		592,353
Total equity			859,735		592,453

These financial statements were approved by the Board of Directors on and were signed on its behalf by:

AJ Smith
Director

The notes on pages 10 to 17 form part of these Financial Statements.

Statement of changes in equity
for the period ended 4 July 2015

	Called up share capital £	Retained earnings £	Total equity £
Balance at 4 January 2014 (unaudited)	100	592,353	592,453
Profit for the period	-	267,282	267,282
Balance at 4 July 2015	100	859,635	859,735
Balance at 5 January 2013 (unaudited)	100	432,161	432,261
Profit for the period (unaudited)	-	160,192	160,192
Balance at 4 January 2014 (unaudited)	100	592,353	592,453

All items are shown net of tax.

The notes on pages 10 to 17 form part of these Financial Statements.

Statement of cash flows
for the period ended 4 July 2015

	Notes	80 week period ended 4 July 2015	*Unaudited* 52 week period ended 4 January 2014
		£	£
Cash flows From Operating Activities			
Profit before taxation		267,282	160,192
Adjustments for non-cash items and changes in working capital		(313,999)	(323,733)
Cash generated from operations	12	(46,717)	(163,541)
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(2,362)	(1,421)
Net cash from financing activities		(2,362)	(1,421)
Net decrease in cash and cash equivalents		(49,079)	(164,962)
Cash and cash equivalents at 4 January 2014		49,965	214,927
Cash and cash equivalents at 4 July 2015		886	49,965

The notes on pages 10 to 17 form part of these Financial Statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Reporting entity

Ebbw Vale Consortium Limited is a Company domiciled in England and Wales. The address of the Company's registered office is Merchants Warehouse, Castle Street, Manchester, M3 4LZ.

Basis of preparation

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards as endorsed by the EU (IFRS) for the period ended 4 July 2015 and are prepared on the historical cost basis. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

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.

Accounting date

The company's accounting reference period ends on 30 June, however as permitted by Section 390 (3) and 390 (5) of the Companies Act 2006, the company has applied the seven day rule and prepared these financial statements to 4 July 2015 as to be in line with the Well Group's period end.

Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The Company made a post-tax profits in the current year and the directors expect continued profits at this level. The Company had net assets as at 4 July 2015. Based on this the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Standards and interpretations issued but not yet effective

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

At the date of authorisation of the financial statements, the following Standards and Interpretations which have not been applied in the financial statements

- IFRS 9 - Financial Instruments
- IFRS 14 - Regulatory deferral accounts
- IFRS 15 - Revenue from contracts with customers
- Amendments to IAS 19 - Defined benefit plan: employee contributions
- Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 27 - Equity method in separate financial statements
- Amendments to IFRS 10 and IAS 28 - Sale of contribution of assets between an investor and its associates or joint venture
- Annual improvements to IFRSs 2010-2012 cycle
- Annual improvements to IFRSs 2011-2013 cycle
- Annual improvements to IFRSs 2012-2014 cycle

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's Financial Statements in the period of initial application.

Notes *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Cash flow statement

In the cash flow statement the reconciliation to cash has been performed from operating profit in note 12 in order that the cash flows of the entity can be compared consistently with those of the group accounts.

Property, plant and equipment and depreciation

(i) Owned assets

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings - 5% - 33% per annum

The residual value, if not insignificant, is reassessed annually.

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.

No depreciation is provided on freehold land.

Impairment

The carrying amount of the Company's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of the Company's assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of these assets, an impairment loss is reversed if there has been a change in the estimates based on an event subsequent to the initial impairment 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. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

1 Accounting policies *(continued)*

Pensions and other post-retirement benefits

The Company makes contributions towards personal (defined contribution) pension schemes. Pension costs charged against profits represent the amounts payable to the schemes in respect of the period.

Inventories

Inventories and work in progress are stated at the lower of cost, including attributable overheads, and net realisable value.

Operating segments

The Company's chief operating decision makers are the Board of Directors. The Company does not have any different components of its business which would need to be disclosed separately under IFRS 8 *Operating Segments*.

Taxation

(i) Income tax
Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income 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.

(ii) Deferred taxation

Deferred tax is provided, with no discounting, using the balance sheet liability method, providing for temporary difference 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 assets or liabilities that affect neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax assets is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. In the case of investment properties it is assumed that uplifts on valuation principally reflect future rentals.

Revenue

Revenue includes cash sales and goods sold on credit, excluding Value Added Tax. NHS sales, included in group revenue are estimated for May to July by reference to the number of items dispensed, the expected cost of drugs, together with the remuneration element published by the National Health Service.

All revenue is derived within the United Kingdom from the Company's principal activity of retail chemists.

Operating Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

2 Profit before taxation

	80 week period ended 4 July 2015 £	Unaudited 52 week period ended 4 January 2014 £
Profit before taxation is stated after charging:		
Depreciation	2,102	1,369

The auditor's remuneration of £1,000 (period ended 4 January 2014: £533) is borne by the ultimate parent undertaking. The Company is exempt by virtue of s494 of the Companies Act 2006 from further disclosures in relation to auditors' remuneration as it is a wholly owned subsidiary of the Bestway (Holdings) Limited for which consolidated financial statements are prepared disclosing non-audit fee information on a group wide basis.

Notes (*continued*)

3 Staff numbers and costs

The staff were actually employed by the parent undertaking and associated costs incurred and recharged amounted to £223,972 (period ended 4 January 2014: £164,589).

4 Pension Scheme

The company is a wholly owned subsidiary of Bestway Panacea Holdings Limited which operates a defined contribution scheme. Full details of the scheme for the period ending 4 July 2015 are disclosed in the Bestway Panacea Holdings Limited financial statements for that period.

The amount recognised as an expense in respect of the contribution for this company was £4,228. This is included in the staff costs as disclosed in note 3. No amounts were outstanding at the balance sheet date.

5 Taxation

Analysis of charge/credit in period	80 week period ended 4 July 2015 £	Unaudited 52 week period ended 4 January 2014 £
UK corporation tax		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	-	-
Deferred tax (see note 10)		
Origination/reversal of timing differences	(266)	-
Deferred tax - adjustments in respect of previous periods	497	-
Tax on profit /loss before taxation	231	-

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2014: lower)* than the standard rate of corporation tax in the UK. The differences are explained below.

	80 week period ended 4 July 2015 £	Unaudited 52 week period ended 4 January 2014 £
Current tax reconciliation		
Profit / Loss before tax	267,513	160,192
Current tax at 21.15% (2014: 23%)	56,579	36,844
Effects of:		
Capital allowances for period in excess of depreciation and other timing differences	(53)	-
Adjustments to tax charge in respect of previous periods	497	-
Group relief surrendered / (claimed)	(56,792)	(36,844)
Total income tax charge (see above)	231	-

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

Notes (*continued*)

6 Property, plant and equipment

For the period ended 4 July 2015

	Fixtures and fittings	Total
	£	£
Cost		
At 4 January 2014 (unaudited)	18,456	18,456
Additions	2,362	2,362
At 4 July 2015	20,818	20,818
Depreciation		
At 4 January 2014 (unaudited)	12,564	12,564
Charge for the period	2,102	2,102
At 4 July 2015	14,666	14,666
Net book value		
At 4 July 2015	6,152	6,152
At 4 January 2014 (unaudited)	5,892	5,892

For the period ended 4 January 2014 (unaudited)

	Fixtures and fittings	Total
	£	£
Cost		
At 5 January 2013	17,035	17,035
Additions	1,421	1,421
At 4 January 2014	18,456	18,456
Depreciation		
At 5 January 2013	11,195	11,195
Charge for the period	1,369	1,369
At 4 January 2014	12,564	12,564
Net book value		
At 4 January 2014	5,892	5,892
At 5 January 2013	5,840	5,840

Notes *(continued)*

7 Inventories

	As at 4 July 2015 £	Unaudited As at 4 January 2014 £
Finished goods	25,481	39,562
	25,481	39,562

There is no material difference between the replacement cost of inventories and the amounts stated above.

8 Trade and other receivables

	As at 4 July 2015 £	Unaudited As at 4 January 2014 £
Trade receivables	97,939	155,959
Amounts owed by group undertakings	772,161	348,598
Prepayments and accrued income	89	-
	870,188	504,557

9 Trade and other payables

	As at 4 July 2015 £	Unaudited As at 4 January 2014 £
Other payables including taxation and social security	42,742	7,523
	42,742	7,523

10 Deferred tax

	£'000
Deferred taxation (liability)	
At 4 January 2014 (Unaudited)	-
Income statement charge in the period	(231)
At 4 July 2015	(231)
Comprising:	
Accelerated tax depreciation	(231)
At 4 July 2015	(231)

Notes *(continued)*

11 Called up share capital

	As at 4 July £	Unaudited As at 4 January £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

12 Cash flows from operating activities

	Notes	80 week period ended 4 July 2015 £	Unaudited 52 week period ended 4 January 2014 £
Cash flows from operating activities			
Profit before tax		267,513	160,192
Adjustments for:			
Depreciation	6	2,102	1,369
Operating profit before changes in working capital and provisions		269,615	161,561
Decrease/(Increase) in inventories		14,081	(1,814)
(Increase) in trade and other receivables		(366,632)	(327,460)
Increase in trade and other payables		36,219	4,172
Cash generated from the operations		(46,717)	(163,541)

Notes *(continued)*

13 Commitments and contingent liabilities

(i) There are no capital commitments at the end of the current period and preceding financial year.

14 Group Entities

Control of the group

On 6th October 2014 Bestway UK Holdco Limited, acquired the share capital of Bestway Panacea Holdings Limited, the company's ultimate parent at the time of acquisition.

On 4 July 2015 the ultimate parent undertaking of this company is Bestway (Holdings) Limited.

The parent undertaking of the largest group which includes the Company and for which group accounts are prepared is Bestway (Holdings) Limited. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

15 Related parties

Identity of related parties

The Company has a related party relationship with its fellow group undertakings within the Bestway Group, and with its Directors and key management.

The Company had a non interest bearing receivable balance of £772,161 from Bestway National Chemists Limited at the end of the period.

There were no related party transactions with key management personnel during the period.

16 Financial Instruments and financial risk management

(a) Financial risk management

The principal financial risk of the Company relates to the generation and availability of sufficient funds to meet business needs, including payments to members.

The Board is responsible for approving the Company's strategy, its principal markets and the level of acceptable risks. The Company operates a risk management process that identifies the key risks to the business. Each operation has a risk register that identifies the likelihood and impact of those risks occurring and the actions being taken to manage those risks.

(b) Determination of fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Notes *(continued)*

16 Financial instruments and financial risk management *(continued)*

(c) Fair values

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows:

	For the period ended 4 July 2015		For the period ended 4 January 2014 (unaudited)	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£	£	£	£
Trade and other receivables	870,188	870,188	504,557	360,930
Cash and cash equivalents	886	886	49,965	49,965
Trade and other payables	(42,742)	(42,742)	(7,523)	(7,523)

(d) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The company has no credit risk because all of its external trade receivables are guaranteed to be paid by the National Health Service on their due date.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The company manages liquidity risk by maintaining adequate reserves, banking facilities and by monitoring cash flows.

(f) Market Risk
Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is not exposed to currency risk, as all revenue is derived from the United Kingdom and all expenditure incurred is from other trading group subsidiaries within the United Kingdom.

17 Capital Management

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for the shareholder and benefit for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to the risk. The Company manages the capital structures and makes adjustment to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In assessing the level of capital, all components of equity are taken into account.

There were no changes to the Company's approach to capital management in the period.