

Ebbw Vale Consortium Limited

Directors' report and financial statements

Registered number 1338409 (England and Wales)

30 June 2017



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## Strategic report

The Directors present their annual strategic report and the unaudited financial statements of Ebbw Vale Consortium Limited (the 'Company') for the year ended 30 June 2017

### Principal activities

The principal activities of the Company during the year related to retail pharmacy

### Business review

The results of the Company for the year are set out in the income statement on page 5. Revenue for the year was £981,000 (period to 30 June 2016: £989,000) with profit before taxation of £73,000 (period to 30 June 2016: £106,000).

### 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 22 MARCH 2018

Registered Office  
Merchants Warehouse  
Castle Street  
Manchester  
M3 4LZ

## Directors' report

The Directors present their report and the unaudited financial statements for the year ended 30 June 2017

### Dividend

The Directors do not recommend the payment of a dividend (period ended 30 June 2016 £nil)

### Directors

The Directors who held office during the year were as follows

J B Nuttall

A J Smith (resigned 19 July 2017)

The Directors benefited from third party indemnity provisions in place during the financial year 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 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

### Corporate governance

The Company is an indirect 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 five 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.


### Political contributions

The Company has made no political donations during the year (period ended 30 June 2016 £nil)

### 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 profit of £85,000 in the current year (period ended 30 June 2016 £85,000) and the Directors expect continued profits at this level. The Company had net assets of £1,030,000 as at 30 June 2017 (period ended 30 June 2016 £945,000). 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.

By order of the Board



C Hilton  
Secretary

Date

22 MARCH 2018

Registered Office  
Merchants Warehouse  
Castle Street  
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 Financial Reporting Standard 101 Reduced Disclosure Framework ( 'FRS 101' ) The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied

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 Financial Reporting Standard 101 Reduced Disclosure Framework ( 'FRS 101' )

- 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

**Income statement**  
**for the year ended 30 June 2017**

	Notes	Year ended 30 June 2017 £'000	Period ended 30 June 2016 £'000
<b>Revenue</b>		<b>981</b>	<b>989</b>
Cost of sales		(618)	(668)
<b>Gross profit</b>		<b>363</b>	<b>321</b>
Administrative expenses		(290)	(215)
<b>Profit before taxation</b>	2	<b>73</b>	<b>106</b>
Taxation (credit)/charge	5	12	(21)
<b>Profit for the period</b>		<b>85</b>	<b>85</b>

All amounts relate to continuing activities

**Statement of comprehensive income**  
**for the year ended 30 June 2017**

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

The notes on pages 8 to 15 form part of these Financial Statements

**Balance Sheet**  
**at 30 June 2017**

	Notes	As at 30 June 2017 £'000	As at 30 June 2017 £'000	As at 4 July 2016 £'000	As at 4 July 2016 £'000
<b>Non-current assets</b>					
Property, plant and equipment	6	9		8	
Deferred tax assets	11	1		-	
<b>Total non-current assets</b>			<b>10</b>		<b>8</b>
<b>Current assets</b>					
Inventories	7	27		32	
Trade and other receivables	8	1,010		938	
Cash and cash equivalents		1		1	
<b>Total current assets</b>		<b>1,038</b>		<b>971</b>	
<b>Current liabilities</b>					
Trade and other payables	9	-		(21)	
Provisions	10	(18)		(13)	
<b>Net current assets</b>			<b>1,020</b>		<b>937</b>
<b>Net Assets</b>			<b>1,030</b>		<b>945</b>
<b>Equity</b>					
Called up share capital	12	-		-	
Retained earnings		1,030		945	
<b>Total equity</b>		<b>1,030</b>		<b>945</b>	

For the year ending 30 June 2017 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

**Directors' responsibilities**

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476,
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

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

22 MARCH 2018

and were

J B Nuttall  
Director



The notes on pages 8 to 15 form part of these Financial Statements

**Statement of changes in equity  
for the year ended 30 June 2017**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
Balance at 30 June 2016	-	945	<b>945</b>
Profit for the year	-	85	<b>85</b>
<b>Balance at 30 June 2017</b>	<b>-</b>	<b>1,030</b>	<b>1,030</b>
Balance at 4 July 2015	-	860	860
Profit for the period	-	85	85
<b>Balance at 30 June 2016</b>	<b>-</b>	<b>945</b>	<b>945</b>

All items are shown net of tax

The notes on pages 8 to 15 form part of these Financial Statements



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### Reporting entity

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated accounts as it is a wholly owned subsidiary of Bestway (Holdings) Limited, a company incorporated in England and Wales. These financial statements present information about the Company as an individual undertaking only. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101 from Adopted IFRS, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, Bestway (Holdings) Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Bestway Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes,
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets,
- Disclosures in respect of transactions with wholly owned subsidiaries,
- Disclosures in respect of capital management,
- The effects of new but not yet effective IFRSs,
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Bestway (Holdings) Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets,
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill, and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

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

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 year ends on 30 June.

#### 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 profit in the current year and the Directors expect continued profits at this level. The Company had net assets as at 30 June 2017. 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.

**Notes (continued)**

**1 Accounting policies (continued)**

**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:

Freehold buildings	-	2.5% per annum
Plant and machinery	-	10% - 33% per annum
Fixtures and fittings	-	10% - 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.

**(ii) Leased assets**

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses.

**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.

**Pensions and other post-retirement benefits**

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

**Inventories**

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

**Notes (continued)**

**1 Accounting policies (continued)**

**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 asset 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, exclusive of Value Added Tax. NHS sales, included in revenue are estimated for May and June by reference to the number of items dispensed, the expected cost of drugs, together with the remuneration element published by the National Health Service.

**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.

**Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

**2 Profit before taxation**

	Year ended 30 June 2017 £'000	Period ended 30 June 2016 £'000
<b>Profit before taxation is stated after charging :</b>		
Depreciation	1	1

**3 Staff costs**

The staff were employed by Bestway Panacea Holdings Limited and associated costs incurred and recharged amounted to £227,950 (period ended 30 June 2016: £139,243).

Directors' remuneration in respect of services provided to the Company were £nil (for the period ended 30 June 2016: £nil).

**4 Pension Scheme**

The Company is an indirect subsidiary of Bestway Panacea Holdings Limited which operates a defined contribution scheme. Full details of the scheme for the year ended 30 June 2017 are disclosed in the Bestway Panacea Holdings Limited financial statements for that year.

The amount recognised as an expense in respect of the contribution for this Company was £6,909 (prior period: £6,777). There was £523 outstanding at the year end. This is included in the staff costs as disclosed in note 3.

**Notes (continued)**

**5 Taxation**

<i>Analysis of (credit)/charge in year</i>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>UK corporation tax</i>				
Current tax on income for the year	<b>10</b>		<b>21</b>	
Adjustments in respect of prior periods	<b>(21)</b>		<b>-</b>	
Total current tax (credit)/charge		<b>(11)</b>		<b>21</b>
<i>Deferred tax</i>				
Origination and reversal of timing differences		<b>(1)</b>		<b>-</b>
Tax (credit)/charge on profit before taxation		<b>(12)</b>		<b>21</b>

Reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. A reduction to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015 and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. Accordingly, the Company's profits for this accounting year are subject to tax at a rate of 19.75% (2016: 20%). The deferred tax liability at 30 June 2017 has been calculated based on a rate of 17%.

The current tax charge for the year is lower than (2016: equal to) the standard rate of corporation tax in the UK of 19.75%, (2016: 20%). The differences are explained below:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current tax reconciliation</i>		
Profit before tax	<b>73</b>	<b>106</b>
UK corporation tax at 19.75% (2016: 20%)	<b>14</b>	<b>21</b>
<i>Effects of</i>		
Expenses not deductible for tax purposes	<b>-</b>	<b>-</b>
Adjustment to tax charge in respect of previous periods (current and)	<b>(21)</b>	<b>-</b>
Group relief (claimed)/surrendered for nil consideration	<b>(5)</b>	<b>-</b>
Effect of tax rate change on deferred tax balances	<b>-</b>	<b>-</b>
Total income tax (credit)/charge (see above)	<b>(12)</b>	<b>21</b>

Notes (continued)

6 Property, plant and equipment

For the year ended 30 June 2017

	Fixtures and fittings	Total
	£'000	£'000
<b>Cost</b>		
At 30 June 2016	13	13
Additions	2	2
<b>At 30 June 2017</b>	<b>15</b>	<b>15</b>
<b>Depreciation</b>		
At 30 June 2016	5	5
Charge for the year	1	1
<b>At 30 June 2017</b>	<b>6</b>	<b>6</b>
<b>Net book value</b>		
<b>At 30 June 2017</b>	<b>9</b>	<b>9</b>
At 30 June 2016	8	8

7 Inventories

	30 June 2017	30 June 2016
	£'000	£'000
Finished goods and consumables	27	32
	<b>27</b>	<b>32</b>

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

8 Trade and other receivables

	30 June 2017	30 June 2016
	£'000	£'000
<b>Current assets</b>		
Trade receivables	83	84
Amounts owed by group undertakings	916	854
Other receivables including taxation and social security	11	-
	<b>1,010</b>	<b>938</b>

Amounts owed by group undertakings are repayable on demand

Notes (continued)

9 Trade and other payables

	30 June 2017 £'000	30 June 2016 £'000
<i>Current liabilities</i>		
Other payables including taxation and social security	-	21
	<hr/> -	<hr/> 21

10 Provisions

	Funding Provision £'000	2017 Total £'000	2016 Total £'000
At the beginning of the year	13	13	-
Additional provisions made in the year	18	18	13
Amounts used during the year	(13)	(13)	-
<b>At the end of the year</b>	<hr/> 18	<hr/> 18	<hr/> 13
Current		18	13
		<hr/> 18	<hr/> 13

A provision of £18,000 was made during the year, (30 June 2016 £13,000) which consists of a provision for Category M adjustments relating to the NHS year ended March 2017. It is expected this provision will be utilised over the next financial year to offset the impact of the Category M adjustments as they are realised.

11 Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using an effective rate of 17% (2016 18%)

	£'000
<i>Deferred taxation asset</i>	
At 30 June 2016	-
Income statement credit in the year	1
At 30 June 2017	<hr/> 1
Comprising	
Accelerated tax depreciation on tangible assets	1
At 30 June 2017	<hr/> 1

The deferred tax liability at 30 June 2017 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

12 Called up share capital

	30 June 2017 £'000
<i>Allotted, called up and fully paid</i>	
100 Ordinary shares of £1 each	-

**Notes (continued)**

**13 Commitments and contingent liabilities**

There are no capital commitments at the end of the current year and preceding financial period

**14 Group Entities**

**Control of the group**

On 30 June 2017 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, Cardiff, CF14 3UZ.

**15 Related parties**

**Identity of related parties**

The Group has a related party relationship with its subsidiaries, associates, with its Directors and key management.

**Transactions with other Trading Group subsidiaries**

The Company had a non interest bearing receivable balance of £916,000 from Bestway National Chemists Limited at 30 June 2017 (period ended 30 June 2016 £854,000 receivable)

**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 Company has exposure to commodity prices and fluctuations in interest and foreign exchange rates, which can impact on financial performance.

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.

**(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 year ended 30 June 2017		For the period ended 30 June 2016	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Trade and other receivables	1,010	1,010	938	938
Cash and cash equivalents	1	1	1	1
Trade and other payables	-	-	21	21

**(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.

**Notes (continued)**

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

Geographically, there is no concentration of credit risk

Credit risk is managed as follows:

- aged analysis is performed on trade receivable balances and reviewed on a monthly basis,
  - credit ratings are obtained on any new customers and the credit ratings of existing customers are monitored on an on-going basis,
  - credit limits are set for customers, and,
  - trigger points and escalation procedures are clearly defined
- Customers considered "high risk" are placed on a restricted customer list, monitored and future sales are only made on a pre-paid basis

**(e) Liquidity risk**

**Financial risk management**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due

The policy on overall liquidity is to ensure that the Company has sufficient funds to facilitate all on-going operations. As part of the annual budgeting and long term planning process, the Company's cash flow forecast is reviewed and approved by the Board. The cash flow forecast is amended for any material changes identified during the period e.g. material acquisitions and disposals

Where funding requirements are identified from the cash flow forecast, appropriate measures are taken to ensure these requirements can be satisfied

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

**(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 is incurred within the United Kingdom