Penrith Health Centre (PD) Consortium Limited

Directors' report and financial statements

Registered number 01775075

30 June 2019

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Contents

Strategic report

The Directors present their annual strategic report of Penrith Health Centre (PD) Consortium Limited (the 'Company') for the period ended 30 June 2019.

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

Business review
The results of the Company for the period are set out in the profit and loss account on page 5. Revenue for the period ended 30 June 2019 was £588,766 (period ended 31 October 2018: £1,077,264) with a loss before taxation of £(101,825) (period ended 31 October 2018: profit of £10,291).

Operating profit is the profit the Company has made before any interest income or expense, taxation and dividends received or paid. The operating loss for the period ended 30 June 2019 was £(101,825) (period ended 31 October 2018: profit of £12,734).

Bestway National Chemists Limited acquired the entire Ordinary shareholding of the Company on 31 October 2018; 75.7% of the shareholding was purchased from Bestway Panacea Healthcare Limited, another company within the Well group, with the remaining 24.3% purchased from other parties. The activity of the Company was transferred on 1 May 2019 to Bestway National Chemists Limited. Therefore, the current period results are for 8 months ended 30 June 2019 and the comparative period results are for 11 months ended 31 October 2018, meaning the current period results are not directly comparable to the prior year.

Future development and performance of the business
The activity of the Company was transferred on 1 May 2019 to Bestway National Chemists Limited, another company within the Well group. Following the transfer on 1 May 2019 the Company became a non-trading entity.

Principal risks and uncertainties
Following on from the transfer on 1 May 2019, the Company is not believed to have any principal risks and uncertainties.

Key performance indicators
The Company is part of the Well Pharmacy division (the 'Well group') of Bestway Group 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. The revenue for the period ended 30 June 2019 was £588,766 (period ended 31 October 2018: £1,077,264), and EBITDA for the period ended 30 June 2019 was £(97,716) (period ended 31 October 2018: £13,508).

On behalf of the Board

Krige

L G Krige
Director

Date 04/03/2020

Registered Office:
Merchants Warehouse
Castle Street
Manchester
M3 4LZ

Directors' report

The Directors present their report and the unaudited financial statements for the period ended 30 June 2019.

Dividend
The Directors do not recommend the payment of a dividend (period ended 31 October 2018: £nil).

Directors
The Directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:
S Hobbs (appointed 27 September 2019)
L G Krige (appointed 31 October 2018)
E L Griffiths (resigned 27 September 2019)
J B Nuttall (resigned 27 September 2019)
P A J Caton (resigned 31 October 2018)

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

Company Secretary:
T R J Ferguson (appointed 27 September 2019)
P A J Caton (resigned 31 October 2018)

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.

Corporate Governance
The Company is an indirect subsidiary of Bestway Panacea Holdings Limited. The Directors of Bestway Panacea Holdings Limited 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 four 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.

Future development and performance of the business
Refer to the Strategic Report for details on the future development of the business, principal risks and business reviews.

Political contributions
The Company has made no political donations during the period (period ended 31 October 2018: £nil).

Going concern
The financial statements are prepared on a going concern basis, notwithstanding the Company having net liabilities and having made a loss of £(101,825) in the period ended 30 June 2019 (period ended 31 October 2018: profit of £8,101), which the Directors believe to be appropriate for the following reasons.

The Company had net liabilities of £(27,197) as at 30 June 2019 (31 October 2018: net assets of £74,628) with £(148,879) of the creditor balance being amounts due to group undertakings. The ultimate parent company has provided written confirmation to the Directors that for a period of at least twelve months from the date of approval of these financial statements it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available if required for working capital or capital investment.

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.

Small companies provision statement
This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Directors' Report (continued)

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

On behalf of the Board

Krige

L G Krige
Director

Date 04/03/2020

Registered Office:
Merchants Warehouse
Castle Street
Manchester
M3 4LZ

Profit and Loss Account
for the period ended 30 June 2019

	Note	**Period ended 30 June 2019 £**	Period ended 31 October 2018 £
Revenue		**588,766**	1,077,264
Cost of sales		**(561,265)**	(835,045)
Gross profit		**27,501**	242,219
Administrative expenses		**(129,326)**	(229,485)
Operating (loss) / profit		**(101,825)**	12,734
Other interest receivable and similar income		-	2
Interest payable and similar expenses		-	(2,445)
(Loss) / profit before taxation	2	**(101,825)**	10,291
Taxation charge	5	-	(2,190)
(Loss) / profit for the financial year		**(101,825)**	8,101

The activity of the Company was transferred on 1 May 2019 to Bestway National Chemists Limited, another company within the Well group. Therefore the current period results are not directly comparable to the prior period.

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 13 form part of these Financial Statements.

Balance Sheet
at 30 June 2019

	Notes	30 June 2019 £	30 June 2019 £	31 October 2018 £	31 October 2018 £
Fixed assets					
Property, plant and equipment	6		-		10,543
Current assets					
Inventories	7	-		47,769	
Trade and other receivables	8	-		285,140	
Cash at bank and in hand		123,872		1,957	
Total current assets		123,872		334,866	
Creditors: Amounts falling due within one year	9	(151,069)		(270,781)	
Net current assets			(27,197)		64,085
Total assets less current liabilities			(27,197)		74,628
Net Assets			(27,197)		74,628
Capital and reserves					
Called up share capital	10		104		104
Profit and loss account			(27,301)		74,524
Total shareholders' funds			(27,197)		74,628

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

For the year ending 30 June 2019 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.

The notes on pages 8 to 13 form an integral part of these Financial Statements.

These financial statements on pages 5 to 13 were approved by the Board of Directors on 4th March 2020 and were signed on its behalf by:

L G Krige
Director
Company Registered Number: 01775075

Statement of changes in equity
for the period ended 30 June 2019

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 November 2018	104	74,524	**74,628**
Loss for the period	-	(101,825)	**(101,825)**
Balance at 30 June 2019	**104**	**(27,301)**	**(27,197)**
Balance at 1 December 2017	*104*	*66,423*	*66,527*
Profit for the period	-	8,101	8,101
Balance at 31 October 2018	104	74,524	74,628

All items are shown net of tax.

The notes on pages 8 to 13 form part of these Financial Statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Reporting entity

Penrith Health Centre (PD) Consortium Limited (the Company) is a private company limited by shares and domiciled in England and Wales in the UK. The address of the Company's registered office is Merchants Warehouse, Castle Street, Manchester, M3 4LZ.

Basis of preparation

On 1 November 2018 the Company transitioned from Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', section 1A to Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') under the historical cost convention.

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.

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

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:
• Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of:
  (i) paragraph 79(a)(iv) of IAS 1 a reconciliation of share capital;
  (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment' a reconciliation of fixed assets;
  (iii) paragraph 118(e) of IAS 38, 'Intangible assets' a reconciliation of intangible assets.
• The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) a statement of cash flows for the period;
  - 16 a statement of compliance with all IFRS;
  - 38A a requirement for a minimum of two primary statements, including cash flow statements;
  - 111 cash flow statement information; and
  - 134-136 capital management disclosures.
• IAS 7, 'Statement of cash flows'.
• Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
• Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
• The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided *that any subsidiary which is a party to the transaction is wholly owned by such a member.*
• The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers';
• Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
• Paragraphs 91 to 99 of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7.

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.

Going concern

The financial statements are prepared on a going concern basis, notwithstanding the Company having net liabilities and having made a loss of £(101,825) in the period ended 30 June 2019 (period ended 31 October 2018: profit of £8,101), which the Directors believe to be appropriate for the following reasons.

The Company had net liabilities of £(27,197) as at 30 June 2019 (31 October 2018: net assets of £74,628) with £(148,879) of the creditor balance being amounts due to group undertakings. The ultimate parent company has provided written confirmation to the Directors that for a period of at least twelve months from the date of approval of these financial statements it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available if required for working capital or capital investment.

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

(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 - 10% - 33% per annum

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

(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.

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 period.

Inventories

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand.

Trade and other creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised at fair value and subsequently at amortised cost.

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.

Notes *(continued)*

1 Accounting policies (continued)

Revenue

Revenue includes cash sales and NHS dispensing, services, and fees income, exclusive of VAT. NHS income is estimated for May to June by reference to the number of items dispensed, services performed, together with the remuneration element published by the National Health Service. The remainder of the year is recognised as actual revenue reimbursed by the NHS.

The following fees and services received by Pharmacy are deemed to have the control transferred at a point in time when the good or service is supplied to the customer: NIC (Net Ingredient Cost); Discount Clawback; Out of Pocket Expenses; Container Allowance; Professional Fees; Dispensing fees; Practice Payment; Rx fees; Establishment fees; MURS (Medicine Usage Reviews); ETP (Electronic Transfer of Prescriptions; EHC (Emergency Hormonal Contraception); Flu jabs; Patient levy deduction; LPC levy deduction, NMS (New Medicine Service); DMR (Discharge Medicine Reviews); SAF (Single Activity Fee); OTC (Over the Counter) sales.

The following fees received by Pharmacy are deemed to have the control transferred over time by reference to the stage of completion; Pre Registration trainees; Quality Payment.

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.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgement in applying the company's accounting policies.

The Directors do not consider there to be any significant judgements or key areas of estimation uncertainty.

2 Profit before taxation	**Period ended 30 June 2019**	Period ended 31 October 2018
	£	**£**
Included in loss before taxation are the following:		
Staff costs	**111,939**	195,066
Audit fees payable to the company's auditor	**-**	4,000
Depreciation	**4,109**	3,217

3 Staff costs

The activity of the Company was transferred on 1 May 2019 to Bestway National Chemists Limited, another company within the Well group. In the period up to 1 May 2019, the average monthly number of employees, including directors, was 13 (2018: 13). Following the transfer of the activity of the Company on 1 May the staff were employed by an intermediary holding company, Bestway Panacea Holdings Limited. Total staff costs for the year, including costs recharged from Bestway Panacea Holdings Limited, amounted to £111,939 (period ended 31 October 2018: £195,066).

Directors' remuneration in respect of services provided to the Company was £nil (period ended 31 October 2018: £1,000).

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 period ended 30 June 2019 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 £nil (period ended 31 October 2018: £1,808). There was £nil outstanding at the year end (2018: £nil). This is included in the staff costs as disclosed in note 3.

Notes *(continued)*

5 Taxation charge

Analysis of charge in year	**Period ended 30 June 2019**	**Period ended 30 June 2019**	Period ended 31 October 2018	Period ended 31 October 2018
	£	**£**	£	£
Current tax				
UK corporation tax at 19% (2018: 19%)		-		2,190
Deferred tax				
Adjustments in respect of prior periods	-		-	
Origination and reversal of timing differences	-		-	
Total deferred tax charge		-		-
Tax charge on profit before taxation		-		2,190

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% (2018 : 19%). The deferred tax liability at 30 June 2019 has been calculated based on these rates.

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

	Period ended 30 June 2019	Period ended 31 October 2018
	£	£
Current tax reconciliation		
Profit before tax	**(101,825)**	10,291
UK corporation tax at 19% (2018: 19%)	**(19,347)**	1,955
Effects of:		
Intergroup transfer	**690**	-
Adjustments to tax charge in respect of previous periods	-	235
Group relief surrendered for nil consideration	**18,657**	-
Total income tax credit (see above)	-	2,190

6 Property, plant and equipment

	Fixtures and fittings	**Total**
	£	**£**
Cost		
Balance at 1 November 2018	48,917	48,917
Additions	477	477
Transfers	(49,394)	(49,394)
Balance at 30 June 2019	-	-
Accumulated Depreciation		
Balance at 1 November 2018	38,374	38,374
Charge for the period	4,109	4,109
Transfers	(42,483)	(42,483)
Balance at 30 June 2019	-	-
Net book value		
At 30 June 2019	-	-
At 31 October 2018	10,543	10,543

Notes *(continued)*

7 Inventories

	30 June 2019 £	31 October 2018 £
Finished goods and consumables	-	47,769
	-	47,769

The amount of inventories recognised as an expense in cost of sales during the period was £561,265 (2018: £835,045). There is no material difference between the replacement cost of inventories and the amounts stated above.

Inventories are stated after provisions for impairment of £nil (2018: £nil).

8 Trade and other receivables

	30 June 2019 £	31 October 2018 £
Current assets:		
Trade debtors	-	267,810
Other debtors	-	17,330
	-	285,140

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The repayment strategy of the amounts owed by group undertakings has been reviewed and concluded that no impairment is required.

9 Creditors: amounts falling due within one year

	30 June 2019 £	31 October 2018 £
Trade creditors	-	198,177
Amounts due to group undertakings	148,879	-
Corporation Tax	2,190	2,190
Social security and other taxes	-	3,476
Other creditors	-	6,865
Bank loans and overdrafts	-	60,073
	151,069	270,781

As above, amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment, and are repayable on demand.

10 Called up share capital

	30 June 2019 £
Allotted, called up and fully paid	
1,042 (2018: 1,042) Ordinary shares of £0.10 each	104

11 Ultimate parent company

Control of the group

The company is a subsidiary of Bestway Panacea Holdings Limited (registered address: Well, Merchants Warehouse, Castle Street, Manchester, England, M3 4LZ) and the ultimate parent undertaking of this Company is Bestway Group Limited (registered address: 2 Abbey Road, Park Royal, London, NW10 7BW).

The largest group in which the results of the company are consolidated is that headed by Bestway Group Limited. Copies of the group financial statements are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Notes *(continued)*

12 Related parties

The Company has a related party relationship with its subsidiaries, associates, and with its Directors and key management. The Company has taken advantage of exemptions conferred by FRS 101 not to disclose transactions and amounts due to and from fellow group companies that are wholly owned by the ultimate parent company.

13 First time adoption of FRS 101

On 1 November 2018, the Company transitioned from Financial Reporting Standard 102 section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', section 1A to Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). The transition has not affected the Company's reported financial position, financial performance, or its cash flows at either of the date of transition date or at the end of the year.