Donald Wardle and Son Limited

Directors' report and financial statements

Registered number 02914910

30 June 2021

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Contents

Strategic report

The Directors present their annual Strategic Report of Donald Wardle and Son Limited (the 'Company') for the year ended 30 June 2021.

Principal activities

The principal activities of the Company during the year related to Dispensing Appliance Contracting in the UK.

Business review

The results of the Company for the year are set out in the profit and loss account on page 8. Revenue for the year was £35,233,000 (2020: £38,497,000) with profit before taxation of £1,142,000 (2020: £1,364,000). The position of the company as at 30 June 2021 was net assets of £23,530,000 (2020: £22,631,000).

Throughout the Covid pandemic the Well group has experienced changes in people's habits in how they have sought prescription dispensing in addition to doctors' prescribing lengths. We have also seen a reduction in non-prescription income following the impact of lockdowns on footfall. Despite the challenges and risks posed by the pandemic the Group's pharmacies, which the Company's distribution centre supports, have remained open throughout the various lockdowns and restrictions giving our patients and customers their essential medicines and access to products to support their self-care needs.

Additional costs incurred in keeping our colleagues safe were also incurred along with ensuring we could remain open and able to support our pharmacies, customers and communities. The NHS in all regions have provided funding to support extra costs incurred and, in order to aid the industry as a whole, provided repayable cash advances to ensure pharmacies could continue to trade within difficult supply chain conditions.

Key performance indicators

The Directors of the Company monitor the following key performance indicators:

	2021	2020
Revenue (£'000)	**35,233**	38,497
Profit before taxation (£'000)	**1,142**	1,364
Net assets (£'000)	**23,530**	22,631

Future development and performance of the business

The future objective of the business is to improve gross margins and maximise profitability by realising efficiencies and developing the business to business operations.

Strategic report (continued)

Principal risks and uncertainties

The Board has established a risk management framework and operates internal controls to facilitate the identification, assessment and management of risk. This allows as a reasonable level of assurance against material adverse risks. The principle risks determined by the Board are set out below along with corresponding controls and mitigation actions. This represents the businesses current most material risk profile and is not intended to be an exhaustive list of all risks and uncertainties that may arise.

(i) NHS funding

The changing government policy around NHS funding continues to present a key risk to community pharmacies. The business has taken steps to improve its customer experience and ensure it's in a strong position to maximise performance against the contract. However, the Company recognises that the flat funding model of the community pharmacy sector presents a risk as the sector incurs upwards inflationary costs pressures, including among others those relating to National Living Wage changes, energy costs and inflation-linked rent reviews.

(ii) Coronavirus

The uncertain operating environment created by the COVID-19 pandemic has resulted in a volatile working environment, particularly within the front line stores and the supply chain which offer essential services throughout the pandemic. The business responded by setting up an agile management team consisting of experts across the business who have been able to identify pinch points and risks and take corrective action to minimise the disruption to customers. As the situation around the COVID-19 virus outbreak continues to evolve, our primary concern is keeping our customers and colleagues safe, helping support the NHS to continue to serve the communities in which we operate.

(iii) Data

The safe retention of both our customers' and staff's data has been identified of key importance to the maintaining the trust of the business. To support this the business has taken robust steps to improve the governance of data as well as strengthening its cyber security.

Section 172(1) statement

The Directors of Donald Wardle and Son Limited (the "Company") act in the way they consider, in good faith, would be most likely to promote the success of the Company while recognising and meeting the short and long term interests of its shareholders and relevant stakeholders as part of this role. In doing this, the Directors have given careful consideration to the following factors set out in section 172 of the Companies Act 2006 ("section 172"), among other matters, and take these into account when making decisions:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company

Strategic report (continued)

The Well Group has created a governance framework which is in place for all subsidiary companies to ensure that the values, policies and processes of Bestway Panacea Holdings Limited are adhered to in order to ensure that the Company, as a member of the Group, acts in a clear, accountable and consistent manner.

Stakeholder management

Please see the statements set out in the section 172 statement for Bestway Panacea Holdings Limited.

Employee statement

Please see the statements set out in the section 172 statement for Bestway Panacea Holdings Limited as all employees are employed by Bestway Panacea Holdings Limited.

Decision making

We set out below examples of how the Directors of the Company have had regard to the matters set out in section 172(1)(a)-(f), including consideration of the Company's stakeholders and employees, when discharging their duties under section 172 and the effect on certain of the decisions taken by them.

(i) Ongoing response to COVID-19 pandemic

Given the nature of the continued impact of the COVID-19 pandemic on pharmacies, particular efforts continued in the protection of the supply to and operation of the pharmacies. The Board continued to support the Company in its efforts to ensure effective operation of the business within the constraints demanded by the pandemic.

A significant focus on the safety and wellbeing of all employees, ensuring that at all times the Company adhered to both legislative requirements as well as the updated guidance issued by the government and relevant regulatory bodies. While there were some colleagues who contracted illness during this time, the Board was reassured that the health and safety processes and investigations put into place meant that there was no evidence of workplace transmission.

(ii) Investment in employees

The Board recognises the significant efforts that its workforce has made during the course of the pandemic and, as a result, took the decision to make a one-off "thank you" payment to each of its front-line colleagues in recognition for the significant efforts every one of them has made in delivering an exemplary service to their communities' customers and patients during challenging circumstances.

Additionally, the Board also approved a significant investment into training for colleagues, again recognising the importance of providing real and relevant development opportunities.

On behalf of the Board,

k jacob

K R Jacob
Director

Date: 23/03/2022

Registered Office:
Merchants Warehouse
Castle Street
Manchester
M3 4LZ

Directors' report

The Directors present their report and unaudited financial statements for the year ended 30 June 2021.

Dividend
The Directors do not recommend the payment of a dividend (year ended 30 June 2020: £nil).

Directors
The Directors who held office during the year and up to the date of signing the financial statements were as follows:

S Hobbs	
K R Jacob	(appointed 29 January 2021)
L G Krige	(resigned 29 January 2021)

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

Employees
The main communication with employees is via the intranet site. This includes business specific information provided through Branch Support e-mails. 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 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.

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.

Directors' Report (continued)

Financial Risk Management (continued)

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The ultimate parent undertaking, Bestway Group Limited, has indicated that it will continue to provide financial and other support to the extent necessary to enable the Company to continue to trade and meet its financial obligations for the foreseeable future and specifically for at least twelve months from the date of signature of the accounts.

Market Risk
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.

Corporate governance
The Company is an indirect subsidiary of Bestway Panacea Holdings Limited. The Directors sit on the Well Businesses Board and 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 three Directors from the business and one 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 review.

Directors' Report (continued)

Political contributions
The Company has made no political donations during the year (year ended 30 June 2020: £nil).

Streamlined Energy and Carbon Reporting (SECR) disclosure
Refer to the annual report of Bestway Panacea Holdings Limited, which has included the Company in its consolidated SECR disclosure.

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 post-tax profits of £899,000 in the current year (2020: £1,097,000) and the Company had net assets of £23,530,000 as at 30 June 2021 (2020: £22,631,000).

The Directors have prepared cash flow forecasts for the wider Well Group (Group) for a period of at least 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

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.

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.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

On behalf of the Board,

k jacob

K R Jacob
Director
Date: 23/03/2022

Registered Office:
Merchants Warehouse
Castle Street
Manchester
M3 4LZ

Profit and Loss Account
for the year ended 30 June 2021

	Note	2021 £'000	2020 £'000
Revenue		**35,233**	38,497
Cost of sales		**(29,512)**	(31,746)
Gross profit		**5,721**	6,751
Other income		**5**	-
Administrative expenses		**(4,584)**	(5,387)
Profit before taxation	3	**1,142**	1,364
Tax charge on profit	6	**(243)**	(267)
Profit for the financial year		**899**	1,097

All amounts relate to continuing activities.

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

The notes on pages 11 to 18 form part of these Financial Statements.

Balance Sheet
at 30 June 2021

Company registered number: 02914910	Note		2021		2020
			£'000		£'000
Non-current assets					
Property, plant and equipment	7		**2,669**		2,768
Total non-current assets			**2,669**		2,768
Current assets					
Inventories	8	**1,523**		1,450	
Trade and other receivables	9	**23,012**		22,942	
Cash and cash equivalents		**2,365**		1,363	
Total current assets		**26,900**		25,755	
Creditors: amounts falling due within one year					
Trade and other payables	10	**(5,621)**		(5,401)	
Provisions	11	**(376)**		(475)	
		(5,997)		(5,876)	
Net current assets			**20,903**		19,879
Total assets less current liabilities			**23,572**		22,647
Creditors: amounts falling due after more than one year					
Deferred taxation	12		**(42)**		(16)
			(42)		(16)
Net Assets			**23,530**		22,631
Capital and reserves					
Called up share capital	13		**50**		50
Profit and loss account			**23,480**		22,581
Total shareholders' funds			**23,530**		22,631

For the year ending 30 June 2021 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 11 to 18 form an integral part of these Financial Statements.

These financial statements on pages 8 to 18 were approved by the Board of Directors and were signed on its behalf by:

K Jacob

K R Jacob
Director
Date: 23/03/2022

Statement of changes in equity
for the year ended 30 June 2021

	Called up share capital	Profit and loss account	Total share-holders' funds
	£'000	**£'000**	**£'000**
Balance at 1 July 2019	50	21,484	21,534
Profit for the financial year	-	1,097	1,097
Balance at 30 June 2020	**50**	**22,581**	**22,631**
Profit for the financial year	-	899	**899**
Balance at 30 June 2021	**50**	**23,480**	**23,530**

All items are shown net of tax.

The notes on pages 11 to 18 form part of these Financial Statements.

Notes to the Financial Statements

1. Accounting policies

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

1.1 Reporting entity

Donald Wardle and Son Limited (the Company) is a private company limited by shares and domiciled in England and the UK. The address of the Company's registered office is Well, Merchants Warehouse, Castle Street, Manchester, M3 4LZ.

1.2 Basis of preparation

These financial statements were 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 have been taken.

The Company's parent undertaking, Bestway Panacea Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Bestway Panacea Holdings Limited, which 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:
  - paragraph 79(a)(iv) of IAS 1 a reconciliation of share capital;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment' a reconciliation of fixed 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 91 to 99 of 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.

1.3 New standards implemented in the year

There were no new standards in the year that had a material effect upon the financial statements.

Notes to the Financial Statements *(continued)*

1. Accounting policies (continued)

1.4 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 post-tax profits of £899,000 in the current year (2020: £1,097,000) and the Company had net assets of £23,530,000 as at 30 June 2021 (2020: £22,631,000).

The Directors have prepared cash flow forecasts for the wider Well Group (Group) for a period of at least 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

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.

1.5 Property, plant, and equipment

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
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.

1.6 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 profit and loss account.

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.

Notes to the Financial Statements *(continued)*

1. Accounting policies (continued)

1.7 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.

1.8 Inventories

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

1.9 Trade and other receivables

Trade and other receivables are recognised at fair value, less any impairment losses. The Company calculates the expected credit losses using the IFRS 9 simplified approach model. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The carrying value of the receivable is reduced by the expected credit losses and any impairment loss is recognised in the income statement within administrative expenses.

1.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash held in bank accounts, and card receipts recognised at the point of sale.

1.11 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 amortised cost.

1.12 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.

1.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the invoiced amounts receivable for goods provided to customers in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue is recognised when the risks and rewards of ownership are transferred to the customer, which is at the point of sale (or on despatch for delivered items). All revenue received by Donald Wardle and Son Limited is deemed to have the control transferred at a point in time when the goods are distributed from the warehouse.

The revenue and profit before taxation were derived from its principal activity and performed solely in the United Kingdom.

Notes to the Financial Statements *(continued)*

1. Accounting policies (continued)

1.14 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. 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 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.

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

3. Profit before taxation

	2021	2020
	£'000	£'000
Profit before taxation is stated after (crediting)/charging:		
Other income	**(5)**	-
Depreciation	**99**	141
Staff costs (note 4)	**2,685**	2,967

Other income represents income received under the Coronavirus Job Retention Scheme ('CJRS') to support employment.

4. Staff numbers and costs

	2021	2020
	£'000	£'000
Wages and salaries	**2,553**	2,690
Social security costs	**92**	203
Other pension costs	**40**	74
	2,685	2,967

The Company did not employ any staff in the current or comparative year. The staff were employed by an intermediary holding company, Bestway Panacea Holdings Limited, and all of the costs disclosed above were recharged to the Company.

Directors' remuneration is respect of services provided to the Company were £13,000 (2020: £19,000). The emoluments in respect of the highest paid Director amounted to £6,000 (2020: £9,000).

5. 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 2020 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 £40,000 (2020: £35,000). There was £7,000 outstanding at the year end (2020: £6,000). This is included in the staff costs as

Notes to the Financial Statements *(continued)*

6. Tax charge on profit

(i) Analysis of charge in year	**2021**	2020
	£'000	£'000
Current tax:		
UK corporation tax at 19% (2020: 19%)	**218**	269
Adjustments in respect of prior periods	**(1)**	-
Total current tax charge	**217**	269
Deferred tax: (see note 12)		
Adjustments in respect of prior periods	**1**	(12)
Effect of tax rate change on opening balance	**5**	2
Origination of timing differences	**20**	8
Total deferred tax charge/(credit)	**26**	(2)
Tax charge on profit before taxation	**243**	267

(ii) Reconciliation of tax charge

The total tax charge for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below.

	2021	2020
	£'000	£'000
Profit before tax	**1,142**	1,364
UK corporation tax at 19% (2020: 19%)	**217**	259
Effects of:		
Fixed asset differences	**16**	-
Effect of tax rate change on deferred tax balances	**10**	2
Expenses not deductible for tax purposes	**-**	18
Adjustments to tax charge in respect of previous periods	**-**	(12)
Total income tax charge (see above)	**243**	267

(iii) Factors that may affect future current and total tax charges

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing Covid-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the Financial Statements *(continued)*

7. Property, plant and equipment

	Land and buildings	**Fixtures and fittings**	**Total**
	£'000	**£'000**	**£'000**
Cost			
Balance at 1 July 2020	3,025	303	3,328
Additions	-	-	-
Balance at 30 June 2021	**3,025**	**303**	**3,328**
Accumulated Depreciation			
Balance at 1 July 2020	308	252	560
Charge for the year	89	10	99
Balance at 30 June 2021	**397**	**262**	**659**
Net book value			
At 30 June 2021	**2,628**	**41**	**2,669**
At 30 June 2020	2,717	51	2,768

8. Inventories

	2021	2020
	£'000	£'000
Finished goods and consumables	**1,523**	1,450
	1,523	1,450

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

The amount of inventories recognised as an expense in cost of sales during the year was £26,245,000 (2020 restated: £30,962,000). 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 (2020: £nil).

9. Trade and other receivables

	2021	2020
	£'000	£'000
Trade receivables	**7,308**	7,369
Amounts owed by group undertakings	**15,687**	15,568
Prepayments and accrued income	**17**	5
	23,012	22,942

All of the above financial assets are classified as loans and receivables. Trade receivables are stated net of a bad debt provision of £20,000 (2020: £30,000).

The Company calculates the expected credit losses using the IFRS 9 simplified approach model. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. There is no expected credit loss in the year.

Notes to the Financial Statements *(continued)*

9. Trade and other receivables (continued)

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.

10. Trade and other payables

	2021	2020
	£'000	£'000
Trade payables	**5,333**	4,825
Accruals and deferred income	**288**	307
Other payables including taxation and social security	**-**	269
	5,621	5,401

11. Provisions

	Discount Provision £'000	Total £'000
Provisions due within one year		
Balance at 1 July 2020	475	475
Amounts utilised during the year	(99)	(99)
Balance at 30 June 2021	**376**	**376**

12. Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using an effective rate of 25% (2020: 19%).

	£'000
Deferred taxation liability:	
At 30 June 2020	16
Income statement charge in the year	26
At 30 June 2021	**42**

Comprising:	2021 £'000	2020 £'000
Accelerated tax depreciation	**42**	18
Short term timing differences	**-**	(2)
Deferred tax liability	**42**	16

Notes to the Financial Statements *(continued)*

13. Called up share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	**50**	50

14. Contingent assets and liabilities

The Company had no contingent assets or liabilities at 30 June 2021.

15. Commitments

There are no capital or contingent commitments at the end of the current and preceding financial years.

16. Ultimate parent company

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: Newport House, 15 The Grange, St Peter Port, Guernsey, GY1 2QL; Reg. No: 68536).

The Company knows, or has reasonable cause to believe, that there is no registrable person or registrable relevant legal entity with significant control over the Company's ultimate parent undertaking.

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

17. Related party transactions

The Company has related party relationships 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.

18. Post year end events

There have been no events subsequent to the balance sheet date which would have a material effect on the Company's financial statements.