

Bestway Panacea Holdings Limited

Annual report and financial statements

Registered number 09225479

4 July 2015

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Contents

Strategic report	2
Directors' report	3
Statement of directors' responsibilities in respect of the financial statements	4
Independent auditor's report to the members of Bestway Panacea Holdings Limited	5
Income statement	6
Statement of comprehensive income	8
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes	10

Strategic report

The directors present their annual strategic report and the audited financial statements of Bestway Panacea Holdings Limited (the Company) for the period ended 4 July 2015

Principal activities

The principal activities of the Company during the period related to that of a holding company

Legal identity change

Bestway Panacea Holdings Limited (the "Company") is a company incorporated and domiciled in the UK. The Company was incorporated as a limited company under the provisions of the Company's Act 2006 on 18 September 2014 (date of conversion) having previously been a Society under the provisions of the Industrial and Provident Societies Act 1965 to 2003. The Company has prepared the financial statements for the period from the date of conversion to 30 June 2015.

On conversion to a limited company the assets and liabilities held prior to conversion are deemed to be the opening assets and liabilities on importation as a limited company. Trading continued uninterrupted during the conversion.

Business review

The Company operates as a non-trading holding company, holding the investments of the Well Pharmacy business.

Future development and performance of the business

The future developments of the business is to continue to support its subsidiaries to grow organically via the wholesale distribution and retail outlets.

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are those of its subsidiaries and are considered to relate to government funding policy for community pharmacy, competition from both national and independent retailers, employee retention and product availability. Further discussion of these risks and uncertainties in the context of the group as a whole is provided in the Bestway group's annual report which does not form part of this report.

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 group, growing customer loyalty and the corporate reputation of the group, which is in addition to monitoring revenue and profitability of the Company.

By order of the Board

C Hillon
Secretary

Date

Cordine Kutta

4/12/2015

Registered Office
Well Merchants Warehouse
Castle Street
Manchester
M3 4LZ

Directors' report

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

Dividend

The Directors do not recommend the payment of a dividend.

Directors

The Directors who held office during the period were as follows

Z M Choudrey	(appointed 28 October 2014)
J B Nuttall	(appointed 18 September 2014)
A M Pervaz	(appointed 28 October 2014)
A J Smith	(appointed 18 September 2014)

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

Employees

The main communication with employees is via the intranet site. This includes business specific information provided through Branch Support Emails. All managers are kept informed about the 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.

Political contributions

The company has made no political donations during the period.

Financial Instruments

For further information regarding the financial risk management of the Company, refer to Note 12.

Corporate Governance

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

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

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

Disclosure of Information to auditors

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

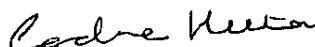
Auditor

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

By order of the Board

C J Hilton
Secretary

Date



4/12/2015

Registered Office
Well 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 IFRSs as adopted by the EU and applicable law.

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

In preparing these financial statements the Directors are required to

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BESTWAY PANACEA HOLDINGS LIMITED

We have audited the financial statements of Bestway Panacea Holdings Limited for the period ended 4 July 2015 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

8/12/2015

**Income statement and statement of comprehensive income
for the period ended 4 July 2015**

	Notes	For period ended 4 July 2015 £
Financial expenses	4	(7,329,259)
Loss before taxation		(7,329,259)
Taxation		-
Loss for the period		<u>(7,329,259)</u>

The notes on pages 10 to 13 form part of these Financial Statements

**Balance Sheet
at 4 July 2015**

	Notes	As at 4 July 2015 £
Non-current assets		
Investments	6	25,811,072
Current assets		
Trade and other receivables	7	<u>176,412,224</u>
Total assets		<u>202,323,296</u>
Current liabilities		
Trade and other payables	8	(193,178,901)
Net assets		<u>9,144,395</u>
Equity		
Called up share capital	9	100
Retained earnings		<u>9,144,295</u>
Total equity		<u>9,144,395</u>

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

4 December 2015

and were

AJ Smith
Director



The notes on pages 10 to 13 form part of these Financial Statements

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

	Called up share capital £	Retained losses £	Total equity £
At 18 September 2014 - on incorporation	100	18 473 554	16,473,664
Loss for the period	-	(7,329 259)	(7,329,259)
Balance at 4 July 2015	100	9,144,295	9,144,395

All items are shown net of tax.

The Company was incorporated as a Limited company under the provisions of the Company's Act 2006 on 18 September 2014 having previously been a Society under the provisions of the Industrial and Provident Societies Act 1965 to 2003. The Company has prepared the financial statements for the period from the date of conversion to 4 July 2015.

On conversion to a Limited company, the assets and liabilities held prior to conversion are deemed to be the opening assets and liabilities on importation as a Limited Company. Trading continued uninterrupted during the conversion.

The notes on pages 10 to 13 form part of these Financial Statements.

Statement of cash flows
for the period ended 4 July 2015

The company has no cash balances and there were no cash movements during the current period

The notes on pages 10 to 13 form part of these Financial Statements

Notes

(forming part of the financial statements)

1 Accounting policies

Reporting entity

Bestway Panacea Holdings Limited (the Company) is a Company domiciled in England and Wales. The address of the Company's registered office is Merchants Warehouse Castle Street, Castlefield Manchester, M3 4LZ.

Basis of preparation

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

The 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.

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting date

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

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the Company having net liabilities. The Directors believe a going concern basis to be appropriate for the following reasons:

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.

The directors consider that the continued availability of the ultimate parent company funding should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on its ultimate parent company for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Standards and Interpretations issued but not yet effective

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRSs). At the date of authorisation of the financial statements, the following Standards and Interpretations which have not been applied in the financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9 - Financial instruments

IFRS 14 - Regulatory deferral accounts

IFRS 15 - Revenue from contracts with customers

Amendments to IAS 19 - Defined benefit plan - employee contributions

Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations

Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation

Amendments to IAS 27 - Equity method in separate financial statements

Amendments to IFRS 10 and IAS 28 - Sale of contribution of assets between an investor and its associates or joint venture

Annual improvements to IFRSs 2010-2012 cycle

Annual improvements to IFRSs 2011-2013 cycle

Annual improvements to IFRSs 2012-2014 cycle

Notes (continued)

1 Accounting policies (continued)

Investments

Investments are accounted for at cost less provision for impairment. The carrying value is reviewed at each reporting date to determine any indication of impairment. If such an indication exists, then the investment's recoverable amount is measured. The recovered amount is the greater of its value in use and its fair value in use less cost to sell. An impairment loss is recognised in the income statement if the carrying amount exceeds the recoverable amount.

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.

2 Auditor's remuneration

The auditor's remuneration of £9,500 is borne by the ultimate parent undertaking. The Company is exempt by virtue of s494 of the Companies Act 2006 from further disclosures in relation to auditors' remuneration as it is a wholly owned subsidiary of the Bestway (Holdings) Limited for which consolidated financial statements are prepared disclosing non-audit fee information on a group wide basis.

3 Staff numbers and costs

	Number of employees 2015
Office and Management	384
Retail (including pharmacists)	6,535
Distribution	274
	<hr/> 7,193
The aggregate payroll costs of these persons were as follows	
	As at 4 July 2015 £
Wages and salaries	94,659,712
Social security costs	6,974,220
Other pension costs	2,489,096
Termination benefits	-
	<hr/> 104,123,028

The staff were employed by the undertaking but all costs incurred are recharged to the trading relevant trading business. The amounts recharged amounted to £104,123,028.

Directors' remuneration in respect of services provided to the Company were £759,870. The emoluments in respect of the highest paid director amounted to £504,028.

Notes (continued)

4 Financial expenses

	As at 4 July 2015 £
Interest charge	(7,329,259)
Financial expenses	<u>(7,329,259)</u>

5 Taxation

	For period ended 4 July 2015 £
UK corporation tax	
Current tax on income for the period	-
Total tax	<u>-</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	For period ended 4 July 2015 £
Current tax reconciliation	
Profit / Loss before tax	(7,329,259)
Current tax at 20.66%	<u>(1,514,225)</u>
Effects of	
Group relief surrendered / (claimed)	1,514,225
Total income tax charge (see above)	<u>-</u>

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

Notes (continued)

6 Investments

	For period ended 4 July 2015 £
<i>Investments in subsidiary undertakings</i>	
At 18 September 2014 - on incorporation	16,851,072
Acquisitions	9,060,000
At 4 July 2015	<u>25,911,072</u>

On 27 February 2015 the Company acquired 100% of the share capital of Care4U Pharmacy Limited for consideration of £9 060 000

The Company holds the following investments

	Nature of share capital	Principal activity	Country of origin	% Ownership
Bestway Pharmacy NDC Limited	Ordinary	Pharmacy Distribution	England and Wales	100%
Prospect Pharmaceuticals Limited	Ordinary	Pharmacy Distribution	England and Wales	100%
Bestway Panacea Healthcare Limited	Ordinary	Pharmaceutical retailing	England and Wales	100%
Bestway National Chemists Limited	Ordinary	Pharmaceutical retailing	England and Wales	80%
Care4U Pharmacy Limited	Ordinary	Pharmaceutical retailing	England and Wales	100%

7 Trade and other receivables

	For period ended 4 July 2015 £
<i>Current assets</i>	
Amounts owed by group undertakings	176,412,224
	<u>176,412,224</u>

There are no fixed terms of repayment on amounts owed by group undertakings and no interest is charged

8 Trade and other payables

	For period ended 4 July 2015 £
<i>Current liabilities</i>	
Amounts owed to group undertakings	193,178,901
	<u>193,178,901</u>

Amounts owed to group undertakings is in relation to a loan from Bestway UK Holdco Limited. The interest charged on the loan is 4.75% per annum. This loan is repayable on demand.

9 Called up share capital

	For period ended 4 July 2015 £
<i>Allotted, called up and fully paid</i>	
100 ordinary shares of £1 each	<u>100</u>

IFRIC 2 determines the features, which allow shares to be classified as equity capital

Notes (continued)

10 Group Entities

Control of the group

On 6th October 2014 Bestway UK Holdco Limited, acquired the share capital

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

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

11 Related parties transactions

Transactions with other Trading Group subsidiaries

	For period ended 4 July 2015 £
Receivables	
Bestway UK Holdco Limited	100
Bestway National Chemists Limited	176,412,124
	<u>176,412,224</u>
	For period ended 4 July 2015 £
Payables	
Bestway Holdings Limited	<u>193,178,901</u>

12 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

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.

(c) Fair values

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

	For the period ended 4 July 2015	
	Carrying amount £	Fair Value £
Trade and other receivables	176,412,224	176,412,224
Trade and other payables	193,178,901	193,178,901

(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 a non interest bearing loan receivable with other group undertakings. There is no significant credit risk associated with this balance.

Notes (continued)

12 Financial instruments and financial risk management (continued)

(e) Liquidity risk

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

The Company has an interest bearing payable balance with a group undertaking

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

		For the period ended 4 July 2015				
	Carrying amount £	Contractual cash flows £	1 year or less £	1 to <2years £	2 to <5years £	5years and over £
Non derivative financial liabilities						
Trade and other payables	193,178,901	19,178,901	-	-	-	-

(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 dealings are within the United Kingdom

13 Capital Management

The Company's objectives when managing capital are

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

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