Bestway Panacea Healthcare Limited

Annual report and financial statements

Registered number 09225514

30 June 2019

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Contents

Strategic Report

The Directors present their annual Strategic Report of Bestway Panacea Healthcare Limited (the 'Company') for the year 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 year are set out in the profit and loss account on page 7. Revenue for the year was £8,374,000 (year ended 30 June 2018: £48,907,000) with profit before taxation of £566,000 (year ended 30 June 2018: £6,243,000). The net assets position of the company as at 30 June 2019 was £171,589,000 (2018: £168,347,000).

During the year the trade of four OPD pharmacies formerly operated by the company were legally transferred to Bestway National Chemists Limited, a fellow subsidiary company of Bestway Panacea Holdings Limited. The Company operated one pharmacy at the end of the year.

Operating profit is the profit the Company has made before any interest income or expense, taxation and dividends received or paid. Operating profit for the year was £566,000 (year ended 30 June 2018: £6,243,000).

Future development and performance of the business
The remaining pharmacy at the end of the year closed on 28 September 2019. The Company does not expect to trade in the next financial year.

Principal risks and uncertainties
Following on from the remaining pharmacy closing on 28 September 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, being revenue and EBITDA, 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 year was £8,374,000 (year ended 30 June 2018: £48,907,000), and EBITDA for the year was £589,000 (year ended 30 June 2018: £4,858,000). Refer to note 2 for the reconciliation of EBITDA to the profit before taxation for the year.

On behalf of the Board

Krige

L G Krige
Director

Date 19 December 2019

Registered Office:
Merchants Warehouse
Castle Street
Manchester
M3 4LZ

Directors' Report

The Directors present their report and audited financial statements for the year ended 30 June 2019.

Dividend
The Directors do not recommend the payment of a dividend (year ended 30 June 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:
T J Barton
D A Hamilton (resigned 25 October 2018)
S Hobbs (appointed 27 September 2019)
L G Krige
J B Nuttall (resigned 27 September 2019)
J M Perkins

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 26 April 2019)
C Hilton (resigned 10 August 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.

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 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. The Company has no credit risk because all of its external trade receivables are guaranteed to be paid by the National Health Service on their due date.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining adequate reserves and use group funding where necessary.

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 a direct 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 year (year ended 30 June 2018: £nil).

Directors' Report (continued)

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 had net assets of £171,589,000 as at 30 June 2019 (2018: £168,347,000), net current assets of £170,942,000 as at 30 June 2019 (2018: £167,591,000) and Profit after Tax of £3,242,000 (year ended 30 June 2018: £5,622,000). Based on this the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, during the year PricewaterhouseCoopers LLP were appointed as auditors and will be proposed for reappointment at the AGM.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

L G Krige
Director

Date 19 December 2019

Registered Office:
Merchants Warehouse
Castle Street
Manchester
M3 4LZ

Independent Auditors' report to the members of Bestway Panacea Healthcare Limited

Opinion

In our opinion, Bestway Panacea Healthcare Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet at 30 June 2019; the Profit and Loss Account, the Statement of Changes in Equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent Auditors' report to the members of Bestway National Chemists Limited (continued)

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
19 December 2019

Profit and Loss Account
for the year ended 30 June 2019

	Note	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Revenue		**8,374**	48,907
Cost of sales		**(7,400)**	(34,365)
Gross profit		**974**	14,542
Administrative expenses		**(408)**	(11,033)
Impairment release of intangibles		**-**	1,545
Impairment release of lease premium		**-**	1,189
Profit before taxation	2	**566**	6,243
Tax credit/(charge) on profit	5	**2,676**	(621)
Profit for the financial year		**3,242**	5,622

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

The notes on pages 10 to 16 form part of these Financial Statements.

Balance Sheet
at 30 June 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Property, plant and equipment	6	18		136	
Investments	7	632		632	
Total non-current assets			650		768
Current assets					
Inventories	8	419		779	
Trade and other receivables	9	170,620		169,530	
Cash at bank and in hand		3		16	
Total current assets		171,042		170,325	
Creditors: amounts falling due within one year					
Creditors	10	(100)		(2,734)	
Net current assets			170,942		167,591
Total assets less current liabilities			171,592		168,359
Creditors: amounts falling due after more than one year					
Deferred tax liability	11	(3)		(12)	
Total non-current liabilities			(3)		(12)
Net Assets			171,589		168,347
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account			171,589		168,347
Total shareholders' funds			171,589		168,347

The notes on pages 10 to 16 form part of these Financial Statements.

These financial statements on pages 7 to 16 were approved by the Board of Directors on 19 December 2019 and were signed on its behalf by:

Krige

L G Krige
Director
Company registered number: 09225514

Statement of Changes in Equity
for the year ended 30 June 2019

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 July 2017	-	162,725	162,725
Profit for the financial year	-	5,622	5,622
Balance at 30 June 2018	-	168,347	168,347
Balance at 1 July 2018	-	168,347	**168,347**
Profit for the financial year	-	3,242	**3,242**
Balance at 30 June 2019	**-**	**171,589**	**171,589**

All items are shown net of tax.

The notes on pages 10 to 16 form part of these Financial Statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Reporting entity

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking only. The accounting policies set out below, have been applied consistently to all periods presented in these financial statements.

Basis of preparation

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

New standards implemented in the year

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 30 June 2019. IFRS 9 has been assessed to have an immaterial impact, and IFRS 15 has been assessed to have no impact on revenue streams.

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 had net assets of £171,589,000 as at 30 June 2019 (2018: £168,347,000), net current assets of £170,942,000 as at 30 June 2019 (2018: £167,591,000) and Profit after Tax of £3,242,000 (year ended 30 June 2018: £5,622,000). Based on this the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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:

Land and 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. No depreciation is provided on freehold land.

(ii) Leased assets

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

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.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. Impairment losses are identified using the net asset basis.

Inventories

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

Trade and other receivables

Trade and other receivables are recognised at fair value, less any impairment losses. The carrying value of the receivable is reduced and any impairment loss is recognised in the income statement.

The Group calculated the expected credit losses using the IFRS 9 simplified approach model, and concluded that this did not create a material difference to the current method of impairment loss. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. A provision for impairment is established when the carrying value of the receivable is unlikely to be recoverable.

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 profit and loss account 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

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Included in profit before taxation are the following:		
Inventory recognised as an expense	**7,694**	14,759
Depreciation	**19**	286
Amortisation of intangibles	**-**	1,070
Impairment release of intangibles	**-**	(1,545)
Impairment release of lease premium	**-**	(1,189)
Operating lease rental charges	**45**	127
Staff costs (see note 3)	**306**	7,473

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Auditors' remuneration:		
Audit of these financial statements	**8**	**29**

Amounts receivable by the Company's auditors and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent (Bestway Group Limited).

EBITDA reconciliation:
The Company measures EBITDA as being earnings before interest, tax, depreciation, amortisation, one-off adjusting items and other non-trading expenses:

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Reported profit before taxation for the financial year	566	6,243
Depreciation & amortisation	19	1,356
Impairment (release) / charge on lease premiums	-	(1,545)
Impairment of intangibles	-	(1,189)
One-off adjusting items and other non-trading expenses included within administrative expenses	4	(7)
EBITDA	589	4,858

Notes *(continued)*

3 Staff numbers and costs

The staff were employed by an intermediary holding company, Bestway Panacea Holdings Limited, and associated costs incurred and recharged amounted to £306,000 (year ended 30 June 2018: £7,473,000).

Directors' remuneration in respect of services provided to the Company was £4,000 (year ended 30 June 2018: £310,000). The emoluments in respect of the highest paid Director amounted to £2,000 (year ended 30 June 2018: £169,000).

4 Pension Scheme

The Company is a wholly owned subsidiary of Bestway Panacea Holdings Limited which operates a defined contribution scheme. Full details of the scheme for the year 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 £8,000 (year ended 30 June 2018: £nil). There was £1,000 outstanding at the year end (2018: £nil). This is included in the staff costs as disclosed in note 3.

5 Tax on profit

Analysis of (credit) / charge in year	**Year ended 30 June 2019 £'000**	**Year ended 30 June 2019 £'000**	Year ended 30 June 2018 £'000	Year ended 30 June 2018 £'000
Current tax				
UK corporation tax at 19% (2018: 19%)	**56**		925	
Adjustments in respect of prior periods	**(2,723)**		166	
Total current tax (credit) / charge		**(2,667)**		1,091
Deferred tax (see note 11)				
Adjustments in respect of prior periods	**(11)**		(2,643)	
Origination and reversal of timing differences	**2**		2,173	
Total deferred tax credit		**(9)**		(470)
Tax (credit) / charge on profit before taxation		**(2,676)**		621

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

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Total tax reconciliation		
Profit before taxation	**566**	6,243
Total tax at 19% (2018: 19%)	**108**	1,186
Effects of:		
Expenses not deductible for tax purposes	**(1)**	(203)
Intergroup transfer	**6**	-
Transfer pricing adjustments	**(7)**	-
Group relief claimed for nil consideration	**(48)**	-
Adjustments to tax charge in respect of previous periods	**(2,734)**	(2,478)
Effect of tax rate change on deferred tax balances	**-**	2,116
Total tax (credit) / charge	**(2,676)**	621

Notes *(continued)*

6 Property, plant and equipment

	Land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost			
Balance at 1 July 2018	5	427	432
Additions	-	-	-
Disposals	-	-	-
Transfer to group company	(1)	(255)	(256)
Balance at 30 June 2019	**4**	**172**	**176**
Accumulated Depreciation			
Balance at 1 July 2018	-	296	296
Charge for the year	-	19	19
Disposals	-	-	-
Transfer to group company	-	(157)	(157)
Balance at 30 June 2019	**-**	**158**	**158**
Net book value			
At 30 June 2019	**4**	**14**	**18**
At 30 June 2018	5	131	136

Transfers were made in the year ending 30 June 2019 to other group entities at net book value.

7 Investments

	Shares in group undertakings £'000	Participating interests £'000	Total £'000
Cost and net book value			
Balance at 1 July 2017 and 1 July 2018	632	-	632
Balance at 30 June 2018 and 30 June 2019	**632**	**-**	**632**

Group undertakings	Registered office	Year end	Nature of share capital	Principal activity	Country of origin	% Ownership
G Lightfoot & Son Limited	*	*30 June*	*Original*	*Dormant*	*England & Wales*	*100%*

** Well, Merchants Warehouse, Castle Street, Manchester, England, M3 4LZ*

Thomas Hetherington Limited, Crown Imperial Associates Limited, and P Williams Chemists (Chester) Limited were all dissolved via voluntary strike-off on 2 October 2018.

Associated undertakings	Registered office	Year end	Nature of share capital	Principal activity	Country of origin	% Ownership
Bestway National Chemists Limited	*	*30 June*	*Original*	*Pharmacy*	*England & Wales*	*20%*

** Well, Merchants Warehouse, Castle Street, Manchester, England, M3 4LZ*

8 Inventories

	30 June 2019 £'000	30 June 2018 £'000
Finished goods and consumables	**419**	779
	419	779

The amount of inventories recognised as an expense in cost of sales during the year was £7,694,000 (2018: £14,759,000). 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 (2018: £nil).

Notes *(continued)*

9 Trade and other receivables

	30 June 2019 £'000	30 June 2018 £'000
Trade receivables	**933**	1,583
Amounts owed by group undertakings	**169,393**	167,945
Other debtors	**294**	2
	170,620	169,530
Due within one year	**170,620**	169,530
Due after more than one year	**-**	-

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.

The Company calculated the expected credit losses using the IFRS 9 simplified approach model, and concluded that this did not create a material difference to the historic method of impairment loss. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

10 Creditors: amounts falling due within one year

	30 June 2019 £'000	30 June 2018 £'000
Taxation	**44**	2,710
Other creditors	**56**	24
	100	2,734

11 Deferred tax liability

Deferred income taxes are calculated on all temporary differences under the liability method using an effective rate of 17% (2018: 17%).

	£'000
Deferred taxation liability	
At 1 July 2018	**12**
Income statement credit in the year	**(9)**
At 30 June 2019	**3**
Comprising:	
Accelerated tax depreciation	**3**
At 30 June 2019	**3**

Of the deferred tax liability as at 30 June 2019, £3,000 will be utilised within 12 months.

12 Called up share capital

	30 June 2019 £'000
Allotted, called up and fully paid	
100 (2018: 100) Ordinary shares of £1 each	**-**

13 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	30 June 2019 Land and buildings £'000	Restated 30 June 2018 Land and buildings £'000
Less than one year	**2,968**	2,874
Between one and five years	**9,250**	9,329
More than 5 years	**11,504**	12,757
	23,722	24,960

During the year £23,722,000 of leases were sub-leased to other companies within the Well group (2018: £24,960,000). 2018 has been restated as this was not disclosed in previous years due to the contracts being paid and sub-leased by other group companies.

Notes *(continued)*

14 Contingent liabilities

On 19 September 2017, the Company, together with other companies in the Bestway (Securities) Limited Group, became party to a Senior Facilities Agreement with the Royal Bank of Scotland Plc. (RBS), whereby the liabilities of each of the subsidiaries are cross guaranteed by each of the companies. The loans available to be drawn under the Senior Facilities Agreement amount to £225 million of term loan, and £125 million of rolling credit facility. The term loan outstanding under the agreement at 30 June 2019 amounted to £209 million.

15 Commitments

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

16 Related parties

Identity of 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.

17 Ultimate Parent company and parent company of larger group

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.

18 Post balance sheet event

The remaining pharmacy at the end of the year closed on 28 September 2019. The company does not expect to trade in the coming year.