

Bestway Panacea Healthcare Limited

Annual report and financial statements

Registered number 09225514

For the year ended 30 June 2021



Contents	Page
Strategic Report	2
Directors' Report	3
Statement of Directors' responsibilities in respect of the financial statements	4
Independent Auditors' report to the members of Bestway Panacea Healthcare Limited	6
Profit and Loss Account	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

Strategic Report

The Directors present their annual Strategic Report of Bestway Panacea Healthcare Limited (the 'Company') for the year ended 30 June 2021.

Principal activities

The principal activities of the Company up to 28 September 2019 related to retail pharmacy. The Company did not trade subsequent to this date following the closure of the Company's remaining pharmacy. Although the Company has ceased to trade, the Directors do not currently have intentions to wind the company up.

Business review

The results of the Company for the year are set out in the profit and loss account on page 9. Revenue for the year was £nil (year ended 30 June 2020: £2,148,000) with loss before taxation of £12,000 (year ended 30 June 2020: loss of £73,000). The net assets position of the company as at 30 June 2021 was £171,452,000 (2020: £171,464,000).

During the prior year the company's one remaining pharmacy was closed.

Future development and performance of the business

The remaining pharmacy closed on 28 September 2019. The Company does not expect to trade in the next financial year, however the Company is expected to remain a going concern. Refer to the paragraph covering the going concern assumption within the Directors' Report.

Principal risks and uncertainties

The Company no longer trades, however does retain material balances owed by fellow group undertakings, therefore the key risk is the inability of the group undertakings to repay their balances owed. The key business risks and uncertainties affecting the fellow group undertakings are considered to relate to government funding policy for community pharmacy, competition from both national and independent retailers, employee retention and product availability.

The Well Group has continued to monitor the status of Brexit, assessed the impact that this may have on both supply chain and staffing levels, and has taken appropriate action. It is not believed that Brexit will have an impact on the going concern of the business.

Key performance indicators

The Company is no longer a trading entity. As such, the key performance indicator is the Company's net asset position:

	2021 £'000	2020 £'000
Net assets	171,452	171,464

On behalf of the Board,



K R Jacob
Director

20 December 2021

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 2021.

Dividend

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

Directors

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

S Hobbs	
K R Jacob	(appointed 29 January 2021)
L G Krige	(resigned 29 January 2021)
J M Perkins	(resigned 30 September 2020)

Company Secretary:

T R J Ferguson

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

Employees

The Company did not employ any staff in the current year.

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 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 fellow group companies. There is no significant credit risk associated with these balances.

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 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 one non-executive Director.

Directors' Report (continued)

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 2020: £nil).

Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons. The Company had net assets of £171,452,000 as at 30 June 2021 (2020: £171,464,000). Although the Company has ceased to trade, the Directors do not currently have intentions to wind the company up.

The parent undertaking, Bestway Panacea Holdings Limited, has indicated through a letter of support 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 audit report. It will continue to make available such funds as are needed by the Company and in particular will not seek repayment of amounts currently made available.

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

Price Waterhouse Cooper LLP resigned as auditor during this period. Mazars LLP were subsequently appointed as statutory auditor and have declared their willingness to continue in office as auditor. Pursuant to section 487 of the Companies Act 2016, the auditor will be deemed to be reappointed and Mazars LLP will therefore continue in office.

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.

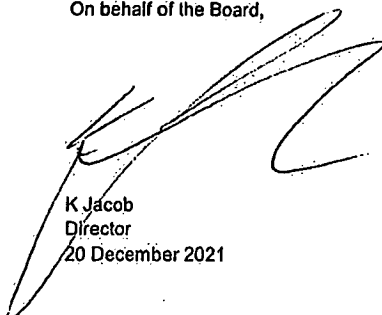
Directors' Report (continued)

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,



K Jacob
Director
20 December 2021

Registered Office:
Merchants Warehouse
Castle Street
Manchester
M3 4LZ

Independent auditor's report to the members of Bestway Panacea Healthcare Limited

Opinion

We have audited the financial statements of Bestway Panacea Healthcare Limited for the year ended 30 June 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

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

Responsibilities of Directors

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, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

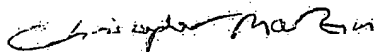
Independent Auditors' report to the members of Bestway Panacea Healthcare Limited (continued)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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.



Christopher Martin (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St. Peter's Square
Manchester
M2 3DE
Date: 20 December 2021

Profit and Loss Account
for the year ended 30 June 2021

	Note	2021 £'000	2020 £'000
Revenue		-	2,148
Cost of sales		-	(2,354)
Gross loss		<u>-</u>	<u>(206)</u>
Administrative expenses	3	(12)	(97)
Operating loss		<u>(12)</u>	<u>(303)</u>
Other interest receivable and similar income	6	580	640
Interest payable and similar expenses	7	(580)	(640)
Income from shares in group undertakings		-	230
Loss before taxation		<u>(12)</u>	<u>(73)</u>
Tax on loss	8	-	(52)
Loss for the financial year		<u><u>(12)</u></u>	<u><u>(125)</u></u>

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.

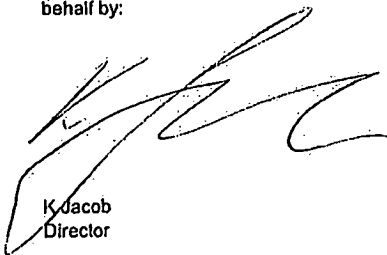
The notes on pages 12 to 19 form part of these Financial Statements.

Balance Sheet
at 30 June 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments	9	632	632
Total non-current assets		<u>632</u>	<u>632</u>
Current assets			
Trade and other receivables (including £13,804,000 (2020: £15,809,000) due after more than one year)	10	187,150	188,429
Cash at bank and in hand		-	-
Total current assets		<u>187,150</u>	<u>188,429</u>
Creditors: amounts falling due within one year	11	(2,526)	(2,264)
Net current assets		<u>184,624</u>	<u>186,165</u>
Total assets less current liabilities		<u>185,256</u>	<u>186,797</u>
Creditors: amounts falling due after more than one year			
Lease liabilities	12	(13,804)	(15,333)
Total non-current liabilities		<u>(13,804)</u>	<u>(15,333)</u>
Net Assets		<u>171,452</u>	<u>171,464</u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account		171,452	171,464
Total shareholders' funds		<u>171,452</u>	<u>171,464</u>

The notes on pages 12 to 19 form part of these Financial Statements.

These financial statements on pages 9 to 19 were approved by the Board of Directors on 20 December 2021 and were signed on its behalf by:



K. Jacob
Director

Company registered number: 09225514

**Statement of Changes In Equity
for the year ended 30 June 2021**

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 30 June 2019	-	171,589	171,589
Loss for the financial year	-	(125)	(125)
Balance at 30 June 2020	-	171,464	171,464
Loss for the financial year	-	(12)	(12)
Balance at 30 June 2021	-	171,452	171,452

The notes on pages 12 to 19 form part of these Financial Statements.

Notes to the Financial Statements

1. Accounting policies

1.1 Reporting entity

Bestway Panacea Healthcare Limited (the Company) is a private company limited by shares and incorporated and domiciled in the UK and registered in England and Wales. 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.

1.2 Basis of preparation

These financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using the 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 accounting standards, in conformity with the requirements of the Companies Act 2006, and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's immediate parent undertaking, Bestway Panacea Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Bestway Panacea Holdings 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 international accounting standards 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.

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 had net assets of £171,452,000 as at 30 June 2021 (2020: £171,464,000). Although the Company has ceased to trade, the Directors do not currently have intentions to wind the company up.

The parent undertaking, Bestway Panacea Holdings Limited, has indicated through a letter of support 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 audit report. It will continue to make available such funds as are needed by the Company and in particular will not seek repayment of amounts currently made available.

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 Investment in subsidiaries

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

1.6 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 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. A provision for impairment is established when the carrying value of the receivable is unlikely to be recoverable. There is no significant credit risk associated with the amounts owed by group undertakings.

1.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand.

1.8 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.

1.9 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 to the Financial Statements (continued)

2. Revenue

Revenue includes cash sales and NHS dispensing, services, and fees income, exclusive of VAT. NHS income in the year had been recognised as actual revenue reimbursed by the NHS.

The following NHS fees and services received by Pharmacy were deemed to have the control transferred at a point in time, being either the point at which the service is performed or at the point when a prescription is dispensed and collected: Single Activity Fee (SAF); Establishment Payment; Medicines Use Reviews (MURs); the New Medicine Service (NMS); the Flu Vaccination Service; Appliance Use Reviews (AURs); Stoma Appliance Customisation (SAC); the Community Pharmacy Consultation Service (CPCS); 2A-2F Drug Tariff Professional Fees.

NHS fees received by Pharmacy were deemed to have the control transferred over time as their performance obligations as set by the health authorities are met: Pharmacy Quality Scheme (PQS); Pharmacy Access Scheme (PhAS).

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

Notes to the Financial Statements (continued)

3. Loss before taxation

	2021 £'000	2020 £'000
<i>Included in loss before taxation are the following:</i>		
Inventory recognised as an expense	-	2,379
Depreciation	-	10
Staff costs (see note 4)	-	52
Interest income from lease receivables	(580)	(640)
Interest expense on lease liabilities	580	640

	2021 £'000	2020 £'000
<i>Auditors' remuneration:</i>		
Audit of these financial statements	8	8

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 parent (Bestway Panacea Holdings Limited).

4. Staff numbers and costs

Staff costs, including directors' remuneration, were as follows:

	2021 £'000	2020 £'000
Wages and salaries	-	47
Social security costs	-	4
Other pension costs	-	1

The Company did not employ any staff in the current or comparative years. The staff were employed by an intermediary holding company, Bestway Panacea Holdings Limited, and associated costs incurred and recharged amounted to £nil (year ended 30 June 2020: £52,000).

The Directors did not receive remuneration in respect of services provided to the Company in either the current or comparative years.

5. 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 2021 are disclosed in the Bestway Panacea Holdings Limited financial statements for that year.

The amount recognised as an expense in respect of the contribution for this Company was £nil (year ended 30 June 2020: £1,000). There was £nil outstanding at the year end (2020: £nil). This is included in the staff costs as disclosed in note 4.

6. Other interest receivable and similar income

	2021 £'000	2020 £'000
Interest income from lease receivables	580	640

Notes to the Financial Statements (continued)

7. Interest payable and similar expenses

	2021 £'000	2020 £'000
Interest expense on lease liabilities	580	640

8. Tax on loss

(i) Analysis of tax charge in year

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax at 19% (2020: 19%)	-	-
Adjustments in respect of prior periods	-	55
Total current tax charge	-	55
Deferred tax:		
Adjustments in respect of prior periods	-	(3)
Total deferred tax credit	-	(3)
Tax charge on profit before taxation	-	52

(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 £'000	2020 £'000
Loss before taxation	(12)	(73)
Total tax at 19% (2020: 19%)	(2)	(14)
Effects of:		
Deferred tax not recognised	3	-
Remeasurement of deferred tax for changes in tax rates	(1)	-
Group relief surrendered	-	54
Adjustments to tax charge in respect of previous periods	-	55
Income not taxable for tax purposes	-	(44)
Expenses not deductible for tax purposes	-	1
Total tax charge	-	52

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

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

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)

9. Investments

	Shares in group undertakings £'000	Shares in associated undertakings £'000	Total £'000
<i>Cost and net book value</i>			
Balance at 30 June 2020 and 30 June 2021		632	632
Balance at 30 June 2020 and 30 June 2021		<u>632</u>	<u>632</u>

	Registered office	Year end	Nature of share capital	Principal activity	Country of origin	% Ownership
<i>(i) Group undertakings</i>						
G Lightfoot & Son Limited	*	30 June	Original	Dormant	England & Wales	100%
<i>(ii) Associated undertakings</i>						
Bestway National Chemists Limited	*	30 June	Original	Pharmacy	England & Wales	20%

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

10. Trade and other receivables

	2021 £'000	2020 £'000
Amounts owed by group undertakings	170,865	170,881
Lease receivable	16,285	17,548
	<u>187,150</u>	<u>188,429</u>
Due within one year	173,346	173,096
Due after more than one year	13,804	15,333

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 lease receivable is in relation to a number of finance leases held with Bestway National Chemists Limited and is recognised under IFRS 16. Further details are disclosed within note 13.

11. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Lease liabilities (see note 13)	2,481	2,215
Other creditors	45	49
	<u>2,526</u>	<u>2,264</u>

Notes to the Financial Statements (continued)

12. Creditors: amounts falling due after one year

	2021 £'000	2020 £'000
Lease liabilities (see note 13)	13,804	15,333
	<u>13,804</u>	<u>15,333</u>

13. Lease Liabilities

The Company's lease portfolio relates to retail estate leases of pharmacies. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability. The Company classifies its right of use assets in a consistent manner to its property, plant and equipment.

Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. Due to the low number of leases affected, the impact of these options to extend are immaterial to the calculation of the right of use assets.

Some retail estate pharmacy leases provide for additional rent payments that are based on changes in market rates or consumer price index in the period.

There are no significant restrictions or conditions imposed by the leases, albeit dilapidations are sometimes payable in line with the tenant's repairing obligations under the terms of the leases.

Discounted liabilities included in the balance sheet:	2021 £'000	2020 £'000
Lease liabilities less than one year	2,481	2,215
Lease liabilities greater than one year	13,804	15,333
	<u>16,285</u>	<u>17,548</u>

Undiscounted future minimum lease payments are as follows:

	2021 £'000	2020 £'000
Not later than one year	2,580	2,855
After one year, but not more than five years	8,290	8,849
After five years	7,665	10,241
	<u>18,535</u>	<u>21,945</u>

14. Called up share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid 100 (2020: 100) Ordinary shares of £1 each	<u>-</u>	<u>-</u>

Notes to the Financial Statements (continued)

15. Contingent assets and liabilities

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

16. Commitments

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

17. 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.

18. Ultimate Parent company and parent company of larger group

The immediate parent undertaking of the Company is Bestway Panacea Holdings Limited (registered address: Well, Merchants Warehouse, Castle Street, Castlefield, Manchester, England, M3 4LZ) and the ultimate parent undertaking and controlling party of this Company is Bestway Group Limited (Registered Address: Newport House, 15 The Grange, St Peter Port, Guernsey, GY1 2QL; Reg. No: 68536).

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.

19. Events after the reporting date

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