

FURTHER EXAMPLES OF LONGER-TERM VIABILITY STATEMENTS



The UK Corporate Governance Code (September 2014) introduced new requirements in respect of the reporting of the board's views on the principal risks and longer-term viability of the company. These new requirements apply to periods beginning on or after 1 October 2014.

FURTHER EXAMPLES OF LONGER-TERM VIABILITY STATEMENTS

This document highlights a number of early examples of the longer-term viability statements published by FTSE 350 September 2015 reporters and early adopters of the 2014 Code. It should be read in conjunction with *Reporting on Principal Risks and Longer-term Viability*, which includes some additional examples of longer-term viability statements.

Viability Statement

The Directors have assessed easyJet's viability over a three-year period to September 2018. This is based on three years of the strategic plan, which gives greater certainty over the forecasting assumptions used.

In making their assessment, the Directors took account of easyJet's current financial and operational positions and contracted capital expenditure. They also assessed the potential financial and operational impacts, in severe but plausible scenarios, of the principal risks and uncertainties set out on pages 24 to 29 and the likely degree of effectiveness of current and available mitigating actions.

Based on this assessment, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all their liabilities as they fall due up to September 2018.

In making this statement, the Directors have also made the following key assumptions:

- funding for capital expenditure in the form of capital markets debt, bank debt or aircraft leases will be available in all plausible market conditions;
- there will not be a prolonged grounding of a substantial portion of the fleet; and
- in the event that the UK votes to leave the European Union, the terms of exit are such that easyJet would be able to continue to operate over a broadly the same network as present.

Long term viability

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over the three years to September 2018. This assessment has been made taking account of the current position of the Group, corporate planning process and the Group's principal risks, as detailed in the strategic report on pages 12 to 13.

The corporate planning process includes our budget, strategy cycle and Internal Capital Adequacy Assessment Process ("ICAAP").

The strategy provides long term direction and is reviewed on, at least, an annual basis, including three year forecasts showing expected financial impact. The strategy is further tested in a series of robust downside financial scenarios as part of the annual review of the ICAAP. The ICAAP, covering a five year period, is prepared to identify and quantify the Group's risks and level of capital which should be held to cover those risks.

As part of the ICAAP, a risk assessment is carried out to identify the principal risks that may adversely impact the Group. These include operational, business, liquidity, market and credit risk. Statistical modelling is used to quantify these risks, which ensures that the Group holds sufficient regulatory capital to mitigate the impact of these risks.

This approach ensures a robust assessment of the principal risks, and mitigating actions, for the Group.

The Directors have therefore concluded, based on the extent of the corporate planning process and strong financial position, that there is a reasonable expectation that the Company and the Group have adequate resources and will continue to operate and meet its liabilities as they fall due over the period of their assessment and for the foreseeable future.

Aberdeen Asset Management PLC
Annual Report and Accounts 2015

easyJet PLC
Annual Report and Accounts 2015



Viability Statement

The directors have assessed the prospects of the company for a period of five years. The board believes this time period is appropriate having consideration for the company's: principal risks and uncertainties (outlined on page 6); its portfolio of liquid listed international equity investments and cash balances; and its ability to achieve the stated dividend policy and to cover interest payments on the company's debt in note 5 to the accounts on page 35.

In making this assessment, the directors have considered detailed information provided at board meetings which includes the company's balance sheet, gearing level, share price discount, asset allocation, income and operating expenses.

Based on the above, the board confirms it has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the five year period of this assessment.

[The Scottish Investment Trust PLC](#)
[Annual Report and Accounts 2015](#)

Viability statement

For the purposes of assessing the future prospects of the Group the directors have selected a three year timeframe. This three year timeframe was selected as it corresponds with the Board's strategic planning horizon. The assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the Group's Principal Risks and Uncertainties and how these are identified, managed and mitigated.

The Directors review and renew the Group's three year plan at least annually. Progress against the strategic plan is reviewed regularly by the Board through presentations from senior management on the performance of their respective business units, the assessment of market opportunity within the healthcare sector and the consideration by the Board of its ability to fund its strategic ambitions. Associated risks are considered within the Board's risk appetite framework.

The strategic plan has been tested for a number of scenarios which assess the potential impact of severe but plausible risks to the long-term viability of the Group. These scenarios can be summarised as follows:

- the largest site by profit generation becomes inoperable for an extended period of time.
- there is significant, defined as 20%, adverse movement in foreign exchange rates of the euro relative to the US dollar and sterling.
- the planned disposal of the United Drug Supply Chain businesses does not complete.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years.

[UDG Healthcare PLC](#)
[Annual Report and Accounts 2015](#)

Viability

The Directors consider viability as part of their continuing programme of monitoring risk. The Directors consider three years to be a reasonable time horizon to consider the continuing viability of the Company, although they do have due regard to viability over the longer term and particularly to key points outside this time frame, such as the due date for the repayment of long-term debt. The Company is an investment trust whose portfolio is invested in readily realisable listed securities and with some short-term cash deposits. The following facts support the Directors' view of the viability of the Company:

- In the year under review, expenses (including finance costs and taxation) were covered some 2 times by investment income.
- The Company has a highly liquid investment portfolio.
- The Company's long-term debt falls due for repayment in 2023, with a principal liability of £15 million in 2023. This debt was covered some 47 times as at the end of September 2015 by the Company's total assets. The Directors are of the view that the Company will have sufficient resources to meet the costs of annual interest and eventual repayment of principal on this debt.
- The Company has a large margin of safety over the covenants on its debt.

Given the high levels of cover set out above, the Directors have a reasonable expectation that the Company can continue in operation and meet its liabilities over the period for which the long-term debt is outstanding. The Company's viability depends on the global economy and markets continuing to function. The Directors do also consider the possibility of a wide ranging collapse in corporate earnings and/or the market value of listed securities. To the latter point, it should be borne in mind that a significant proportion of the Company's expenses are in ad valorem investment management fees, which would naturally reduce if the market value of the Company's assets were to fall.

In order to maintain viability, the Company has a robust risk control framework which, following guidelines from the Financial Reporting Council, has the objectives of reducing the likelihood and impact of: poor judgement in decision-making; risk-taking that exceeds the levels agreed by the Board; human error; or control processes being deliberately circumvented.

[British Empire Trust PLC](#)
[Annual Report 2015](#)

Viability Statement

The Directors have carefully assessed the Company's current position and prospects as described in the Chairman's Statement, the Investment Highlights and Portfolio Review, the Market Review and the Financial Review as well as the Principal Risks stated above and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three financial years.

The particular factors the Directors have considered in assessing the prospects of the Company and in selecting a suitable period in making this assessment are as follows:

- The Company invests primarily in long-term illiquid investments which are not publicly traded. When making a new investment the anticipated holding period can be five years or more.
- Gearing facilities are important for both the Company and its portfolio companies and are typically arranged with banks for periods of three to seven years.
- The Board reviews the liquidity of the Company and regularly considers commitments to private equity investments, long-term cash flow projections and the use of gearing.
- As detailed in the Corporate Governance Statement, the Valuations Committee oversees the valuation process carried out by Electra Partners. Typically, the medium-term prospects of each portfolio company form an important part of the valuation process.
- As also detailed in the Corporate Governance Statement, the Management Engagement Committee reviews the performance of the Manager.

Taking account of the above factors of anticipated investment holding periods, the term periods of gearing facilities of both the Company and its portfolio companies, the liquidity of the Company, the valuations and medium-term prospects of its portfolio companies and the activities and performance of the Manager, the Directors have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three financial years.

In making this assessment, the Directors have assumed that the threats to the Company's solvency or liquidity incorporated in the Principal Risks will be managed or mitigated as outlined there.

Electra Private Equity PLC
Report and Accounts 2015

Viability Statement

In accordance with provision C.2.2 of the 2014 revision of the Corporate Governance Code, the directors have assessed the viability of the group and have selected a period of three years for the assessment.

The group operates in volatile sectors and geographical markets but has more than half of its revenues based on annual subscriptions with strong renewal rates, has no outstanding debt and few long-term financial obligations. For these reasons the group uses a three-year strategic planning cycle and the directors have determined that three years is also an appropriate period over which to provide its viability statement.

The assessment conducted considered the group's operating profit, revenue, EBITDA, cash flows, dividend cover and other key financial ratios over the three-year period. These metrics were subject to severe downside stress and sensitivity analysis over the assessment period, taking account of the group's current position, the group's experience of managing adverse conditions in the past and the impact of a number of severe yet plausible scenarios, based on the principal risks set out in the Strategic Report. The stress testing considered the principal risks assessed to have the highest probability of occurrence or the severest impact, crystallising both individually and in combination. The assessment modelled a significant downturn in the world economy affecting all three years of the assessment period and a number of successive product and business failures, including the failure of a new acquisition.

In making the assessment, the directors have considered the group's robust capital position, the cash-generative nature of the business, the ability of the company to cut costs quickly, the access to available credit, the absence of pension and M&A liabilities and the group's ability to restrict dividends.

Based on the results of this analysis, the directors confirm that they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the next three years.

Euromoney Institutional Investor PLC
Annual Report and Accounts 2015

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the directors have assessed the viability of the Group over a three year period, taking into account the Group's current position and the potential impact of the principal risks documented on pages 31 to 33 of the Annual Report. Based on this assessment, the directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 30 September 2018.

The directors have determined that a three year period to 30 September 2018 is an appropriate period over which to provide its viability statement. This is the period reviewed by the Group Board in our strategic planning process and is also aligned to our typical contract length (three to five years). We believe that this presents the Board and readers of the Annual Report with a reasonable degree of confidence over this longer term outlook.

In making this statement, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Board considers annually and on a rolling basis a three year, bottom up strategic plan. The output of this plan is used to perform central debt and headroom profile analysis, which includes a review of sensitivity to 'business as usual' risks, such as profit growth and working capital variances and severe but plausible events. It also considers the ability of the Group to raise finance and deploy capital. The results take into account the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact or occurrence of the identified underlying risks.

While the review has considered all the principal risks identified by the Group, the following were focused on for enhanced stress testing: health and safety, economic and political environment and clients and consumers. The geographical and sector diversification of the Group's operations helps minimise the risk of serious business interruption or a catastrophic damage to our reputation. Furthermore, our business model is structured so that the Group is not reliant on one particular group of clients or sector. Our largest client constitutes only 1.5% of Group revenue and our top 10 clients account for less than 6% of Group revenue. Also, our ability to flex our cost base protects our viability in the face of adverse economic conditions and/or political uncertainty.

While this review does not consider all of the risks that the Group may face, the directors consider that this stress-testing based assessment of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

Compass Group PLC
Annual Report 2015

Developing the financial viability statement

In developing the financial viability statement, it was determined that a five year period should be used, consistent with the period of the Group's strategic plan and reflecting a typical life of on-premise products without upgrade.

Management reviewed the principal risks, and considered which of these risks might threaten the Group's viability. It was determined that none of the individual risks would in isolation compromise the Group's viability, and so a number of different severe but plausible principal risk combinations were considered.

Having identified the severe but plausible risk combinations, a cross functional group of senior managers, including representatives from Finance, Risk, IT, Product Marketing and Legal, estimated the monetary impact of each scenario. These impacts were based on similar examples in the public domain and internal estimates of remediation costs.

The impacts were modelled for both year one and year four of the forecast period to ensure that expected changes in the Group's product mix, through migration towards a greater proportion of cloud based products, did not adversely impact on the Group's viability.

As set out in the Audit and Risk Committee's report on page 70, the Directors reviewed and discussed the process undertaken by management, and also reviewed the results of reverse stress testing performed to provide an illustration of the reduction in revenue that would be required to break the Group's covenants or exhaust all available cash.

The Directors' financial viability statement is contained in the Directors' Report on page 93.

Financial viability statement

In accordance with provision C.2.2 of the 2014 revision of the UK Corporate Governance Code, the Directors confirm that they have a reasonable expectation that the group will continue to operate and meet its liabilities, as they fall due, for the next five years. A period of five years has been chosen for the purpose of this viability statement, in line with the group's 2020 Strategy as announced on 24 June 2015 and reflecting a typical life of the on-premise products without an upgrade.

The Directors' assessment has been made with reference to the Group's current position and prospects, the 2020 Strategy, the Board's risk appetite and the group's principal risks and how these are managed, as detailed in pages 16 to 43 of the Strategic report.

The Strategy and associated principal risks, which the Directors review at least annually, are a foundation of the Group's strategic plan and scenario testing. The plan makes certain assumptions about the uptake of subscription services, the ability to refinance debt as it falls due and the acceptable performance of the core revenue streams and market segments.

The plan is stress tested using sensitivity analysis which reflects plausible but severe combinations of the principal risks of the business, primarily through reducing revenues and cash-flows.

The Sage Group PLC
Annual Report and Accounts 2015

Viability Statement

The Board has assessed the prospects of the Company over a longer period than the 12 months required by the going concern requirements of the Code. This longer-term assessment process supports the Board's statements on both viability, as set out below, and going concern, made on page 20.

The Group's annual corporate planning processes include completion of a strategic review, preparation of a three-year business plan and a rolling re-forecast of current year business performance and prospects. During the year, additional business plans and financial projections were prepared to specifically consider the prospects of the enlarged USA business, and its impact on the Group's future performance and funding requirements, both prior to and following completion of the acquisition of certain USA assets in June 2015.

The plans and projections prepared as part of these corporate planning processes consider the Group's cash flows, committed funding and liquidity positions, forecast future funding requirements, banking covenants and other key financial ratios, including those relevant to maintaining our investment grade ratings.

Where appropriate, sensitivity analysis is undertaken to stress-test the resilience of the Group and its business model to the potential impact of the Group's principal risks, or a combination of those risks. This stress-testing takes account of the availability and effectiveness of the mitigating actions that could realistically be taken to avoid or reduce the impact or occurrence of the underlying risks. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk management and internal control systems, as described on page 40, is taken into account.

Whilst the Board has no reason to believe the Group will not be viable over a longer period, the period over which the Board considers it possible to form a reasonable expectation as to the Group's longer term viability, based on the risk and sensitivity analysis undertaken, is the three-year period to September 2018. This period reflects the period used for the Group's business plans and has been selected because, together with the planning process set out above, it gives management and the Board sufficient, realistic visibility on the future in the context of the industry environment. The Board has considered whether it is aware of any specific relevant factors beyond the three year horizon and confirmed that there are none.

The Board confirms that its assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and/or liquidity, and which are set out in the Principal Risks and Uncertainties section on pages 25 to 30 was robust.

On the basis of this robust assessment of the principal risks facing the Group, and on the assumption that they are managed or mitigated in the ways disclosed, the Board's review of the business plan and other matters considered and reviewed during the year, and the results of the sensitivity analysis undertaken and described above, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to September 2018.

Imperial Tobacco Group PLC
Annual Report and Accounts 2015

Business planning and going concern

The Company has developed an annual Integrated Business Planning (IBP) process, which comprises a strategic plan, a financial forecast for the current year and financial projections for the next five years. The IBP represents a common process with standard outputs and requirements that produces consolidated plans at both the Group level and at a number of levels within the Company. The plan is reviewed each year by the Board as part of its strategy review process. Once approved by the Board, the IBP is cascaded down across all the Company's businesses and provides the basis for setting all detailed financial budgets and strategic actions that are subsequently used by the Board to monitor performance.

In undertaking its review of the IBP in 2014, the Board considered the prospects of the Company over the one and five-year periods covered by the process. The one-year planning period has a greater level of certainty and is, therefore, used to set detailed budgetary targets at all levels across the Group - it is also used by the Remuneration Committee to set targets for the annual incentive. The five-year period provides less certainty of outcome, but provides a robust planning tool against which strategic decisions can be made. On the basis of this and other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that the Company will be able to continue in operation and meet its liabilities as they fall due over the periods used for the assessment. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty. Also, this assessment was made recognising the principal risks that could have an impact on the future performance of the Company (see pages 50 to 53).

Accounting standards require that directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare financial statements on a going concern basis. The Group's business activities, together with factors that are likely to affect its future development and position, are set out in the segmental performance section on pages 27 to 42. The financial position of the Group, including information on cash flow, can be found in the financial review section on pages 22 to 26. Principal risks are detailed on pages 50 to 53. In addition, the financial statements include, amongst other things, notes on finance costs (page 113) and financial risk management, including treasury policies on interest rate, liquidity, currency and credit risk (pages 150 and 151). After making due enquiry, the directors have a reasonable expectation that the Group has adequate resources to continue operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

BAE Systems PLC
Annual Report and Accounts 2014

Viability statement

In accordance with the revised UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a period significantly longer than 12 months from the approval of the financial statements.

The Board has concluded that the most relevant time period for this review should be the three year period of the normal business forecasting cycle, however given that the Group is in the early stages of a strategic plan that will evolve over a five year period and the occurrence of specific financing events over that same period, the assessment this year has been carried out over the five year period to 2020.

The Board took part in a strategic business review during the current year following which a strategy of asset optimisation has been announced. This review considered the current position, strategy and market of the Group along with the risks and opportunities.

In addition, as in prior years, the Group has continued to assess the key risks and mitigating factors that could impact the Group. This assessment has been further enhanced to ensure that the current and future risks, controls and assurances available have been fully analysed and documented, resulting in a clear picture of the risk profile across the whole of the business. This has been reviewed and the principal risks agreed by the Board are detailed on pages 32 to 37.

Those risks that could affect the future viability of the Group over the next five years were identified, as highlighted on pages 32 to 37 in Risks and Uncertainties, and the resilience of the Group to the occurrence of these risks in severe yet plausible scenarios has been evaluated.

This evaluation has included consideration of the likelihood and impact of refinancing the £350.5 million corporate bonds, that are due for repayment in 2018, and the directors draw attention to the key assumption that there is a reasonable expectation, based on the refinancing that occurred during the year, that the Group will be able to refinance these bonds.

For the reasons stated above, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation, and meet its liabilities as they fall due, over the period of the assessment.

Enterprise Inns PLC
Annual Report and Accounts 2015

Viability statement

Taking into account the Group's current position and its principal risks as above, the Directors have assessed the Group's prospects and viability.

The Group's business model has proven to be strong and defensive in the long term and it has consistently demonstrated its ability to sell assets, even in challenging market conditions. From 2006 to 2015 the gross cash generation has never been less than £240m per annum and has averaged c.£296m with a peak of £430m. Currently the Group directly owns £2.2bn of residential property assets which are relatively liquid, as has been proved in the past. The Group would remain viable even in the event of very severe and sustained house price deflation as it would be able to accelerate the natural conversion of our assets to cash and suspend acquisition activity. Only an unprecedented and long-term lack of liquidity in UK residential property markets would cause any threat to the Group

Specifically, the Board has reviewed its four-year business planning period to 2019 in more detail. The Board believes that a viability assessment period to 2019 is appropriate as this timeframe aligns with the Group's budget planning horizon. The budget has been stress tested against severe and prolonged reductions in house prices. Two different scenarios were modelled to stress-test the business model. First an aggressive but short-term house price crash with a slow return to growth thereafter and secondly a continuing slow decline in house prices. The testing incorporated the use of mitigating actions available to the business, such as a reduction in acquisition spend and accelerated sales.

The first scenario modelled a short term crash, greater in both severity and duration than the correction experienced in 2008 - 9. The valuation assumptions used in this analysis were for two full years (8 quarters) of decreasing prices, with year on year falls of 15% p.a. - a total decline of c.27.5%. There then follows one subsequent year where 0% growth is forecast and one further year at 5% annual growth. The second scenario modelled a long term decline in house prices of 2.0% p.a. over the life of the model with no recovery.

Based on the results of this analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period of their detailed assessment.

Grainger PLC
Annual Report and Accounts 2015

Viability statement

- The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the Group's principal risks and how these are managed, as detailed in the Strategic Report.
- The strategy and associated principal risks underpin the Group's three year plan and scenario testing, which the Directors review at least annually. The three year plan is built on a fund by fund basis using a bottom up model. The three year plan makes certain assumptions about the launch and investment of successor funds and new strategies, the ability to refinance debt as it falls due and the acceptable performance of the underlying portfolio. The plan is stress tested in a robust downside scenario as part of the Board's review of the Group's Internal Capital Adequacy Assessment Process (ICAAP). The stress test uses the 2008/09 financial crisis as its basis, thereby reflecting the principal risks of the business, primarily through reducing new funds raised, lowering the deployment of capital and increasing impairments.
- The three year plan review is underpinned by the regular Board briefings provided by the business unit heads and the discussion of any new strategies undertaken by the Board in its normal course of business. These reviews consider both the market opportunity and the associated risks, principally the ability to raise third party funds and invest capital. These risks are considered within the Board's risk appetite framework.

Intermediate Capital Group Plc
Annual Report and Accounts 2015

Viability statement

In accordance with provision C.2.2 of the 2014 revision of the Code, the Directors have assessed the prospect of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Board conducted this review for a period of five years, which was selected for the following reasons:

- The Group's strategic review covers a five-year period.
- For a major scheme five years is a reasonable approximation of the maximum time taken from obtaining planning permission to letting the property.
- Most leases contain a five-year rent review pattern and therefore five years allows for the forecasts to include the reversion arising from those reviews.

The five-year strategic review considers the Group's cash flows, dividend cover, REIT compliance and other key financial ratios over the period. These metrics are subject to sensitivity analysis which involves flexing a number of the main assumptions underlying the forecast both individually and in unison. Where appropriate, this analysis is carried out to evaluate the potential impact of the Group's principal risks actually occurring. The five-year review also makes certain assumptions about the normal level of capital recycling likely to occur and considers whether additional financing facilities will be required.

Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

Derwent London Plc
Annual Report and Accounts 2014

Going concern and viability statement

The Business Review section on pages 24 to 32 sets out details of the Group's financial performance, capital management, business environment and outlook. In addition, further discussion of the principal risks and material uncertainties affecting Lancashire can be found on pages 36 to 37. Starting on page 100 the risk disclosures section of the consolidated financial statements set out the principal risks the Group is exposed to, including insurance, market, liquidity, credit, operational and strategic, together with the Group's policies for monitoring, managing and mitigating its exposures to these risks. The Board considers annually and on a rolling basis a three year strategic plan for the business which the Company progressively implements. The three-year strategic plan was last approved by the Board on 30 April 2014. The Board receives quarterly reports from the Chief Risk Officer and sets and approves risk tolerances for the business.

During 2014, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The Directors believe that the Group is well placed to manage its business risks successfully, having taken into account the current economic outlook. Accordingly, the Board believes that, taking into account the Group's current position, and subject to the principal risks faced by the business, the Group will be able to continue in operation and to meet its liabilities as they fall due for the period up to 31 December 2016, being the period considered under the Group's current three-year strategic plan.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future and for a period of at least twelve months from the date of this report. Accordingly, the Board continues to adopt and consider appropriate the going concern basis in preparing the Annual Report and Accounts.

Lancashire Holdings Limited
Annual Report and Accounts 2014

Viability statement

The Directors have assessed the prospects of the business and its ability to meet its liabilities as they fall due over the medium term. The Directors concluded that three years was an appropriate period for the assessment given that this is the key period of focus within the Group's strategic planning process and is a typical period for visibility of commercial arrangements with the Group's customers. The objectives of the strategic planning process are to consider the key strategic choices facing the Group and to build a consolidated financial model with various scenarios, taking into account the principal risks and uncertainties facing the company.

Assumptions are built for the income statement, balance sheet and cash flow at the divisional level. These are rigorously tested by management and the Directors and sensitivity analysis has been applied to reflect the potential impact of some of the principal strategic and commercial risks of the Company as described on pages 12 to 17. These risks could affect the level of sales and profitability of the Company and the amount of capital required to deliver them. A model of financing requirements is also built for the same time period taking into account the base plan and sensitivities against this together, with the likelihood of being able to refinance maturing committed facilities. Based on the results of this analysis, the Directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

Greencore Group PLC
Annual Report and Financial Statements 2015

Long term viability statement

The directors have assessed the viability of the group over a five-year period to March 2020, taking account of the group's current position and the potential impact of the principal risks documented in the strategic report. Based on this assessment, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period to March 2020.

In making this statement the directors have considered the resilience of the group, taking account of its current position, the principal risks facing the business in severe but reasonable scenarios, and the effectiveness of any mitigating actions. This assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period.

The directors have determined that the five-year period to March 2020 is an appropriate period over which to provide its viability statement. In making their assessment, the directors have taken account of the group's robust capital solvency position with a debt to RCV ratio of around 60 per cent, its ability to raise new finance in most market conditions, its key potential mitigating action of restricting dividend payments and the protections which exist under the regulatory model that a primary legal duty of UUK's economic regulator is to ensure that water and wastewater companies can finance their functions.

United Utilities Group Plc
Annual Report and Financial Statements 2015

FURTHER INFORMATION

For further information about how BDO can assist you and your company, please get in touch with your usual contact or one of the following:

Birmingham

Tom Lawton
+44(0)121 352 6372 tom.lawton@bdo.co.uk

Bristol

Neil Dimes
+44(0)117 930 1501 neil.dimes@bdo.co.uk

Cambridge, Ipswich & Norwich

Nick Buxton
+44(0)160 375 6916 nick.buxton@bdo.co.uk

Watwick

David Eagle
+44(0)1293 848950 david.eagle@bdo.co.uk

Glasgow & Edinburgh

Alastair Rae
+44(0)131 347 0349 alastair.rae@bdo.co.uk

Guernsey

Richard Searle
+44(0)1481 746067 richard.searle@bdo.gg

Guildford

Nick Poulter
+44(0)148 340 8086 nick.poulter@bdo.co.uk

Leeds

Paul Davies
+44(0)113 290 6144 paul.davies@bdo.co.uk

Leicester & Nottingham

Gareth Singleton
+44(0)115 962 9280 gareth.singleton@bdo.co.uk

Liverpool & Manchester

Philip Storer
+44(0)161 817 7510 philip.storer@bdo.co.uk

London

Tony Perkins
+44(0)020 7893 2347 tony.perkins@bdo.co.uk

Reading

Chris Pooles
+44(0)118 925 4412 chris.pooles@bdo.co.uk

Southampton

Malcolm Thixton
+44(0)238 088 1895 malcolm.thixton@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business. BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© January 2016 BDO LLP. All rights reserved.

www.bdo.co.uk