

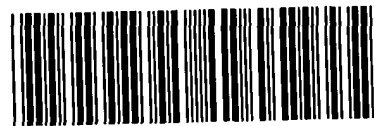
**Company Registration No. 942245**

**HUNTLEIGH HEALTHCARE  
LIMITED**

**Annual Report and Financial Statements**

**31 December 2018**

THURSDAY



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# **HUNTLEIGH HEALTHCARE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2018**

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# **HUNTLEIGH HEALTHCARE LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **Directors**

P Cashin  
A J Scott-Green  
K Ibrahim  
P Lyon

### **Secretary**

A J Scott- Green

### **Registered Office**

ArjoHuntleigh House  
Houghton Hall Business Park  
Houghton Regis  
Dunstable  
Bedfordshire  
United Kingdom  
LU5 5XF

### **Bankers**

SEB  
One Carter Lane  
London  
EC4V 5AN

Svenska Handelsbanken AB  
4 Moorgate  
London  
EC2R 6DA

### **Solicitors**

Gowling WLG  
Two Snowhill  
Birmingham  
B4 6WR

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Hardman Square  
Manchester  
United Kingdom  
M3 3EB

# HUNTLEIGH HEALTHCARE LIMITED

## STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2018.

### PERFORMANCE REVIEW AND FUTURE DEVELOPMENTS

The principal activities of the company during the year continued to be the development, manufacture and distribution of electro medical equipment.

The results for the year are set out in the profit and loss account on page 8. The profit before tax was £4,391k (2017: £12,926k). Turnover £20,851k (2017: £18,805k). Net assets £10,875k (2017: £19,781k). There was a steady increase in operational profit but there were no dividend receipts (2017: £8,953k). The company experienced a steady year in the markets in which it operates, expanding the 2016 launch of two major new product replacements by registering them for sale in further markets around the world, which sets the business in a good position for growth in 2019.

### KEY PERFORMANCE INDICATORS

Turnover in total has increased by circa £2.0m (2017: £1.8m) compared with the previous year. All of the turnover has come from continued operations. The launch of the new products and the growth in the order book in the export distribution markets towards the end of 2018 gives much hope for optimism in 2019.

The company's gross profit margin has decreased to 45.6% (2017: 47.2%) and working capital (the ratio of current assets to current liabilities) has decreased to 0.72:1 (2017 1.2:1).

There were 160 employees on 31 December 2018 (2017 - 151 employees).

### PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure is a continuing risk for the company which could result in it losing sales to key competitors. The company manages this risk by being responsive to customers' needs and maintaining strong relationships with its customers.

### FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund obligations as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk.

#### *Interest - rate risks*

The company participates in a UK cash pooling arrangement to keep interest charges to a minimum. Long term borrowing facilities are provided by another group company on fixed interest rates.

#### *Liquidity and cash flow risks*

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future growth developments the company maintains a strong working capital position and has access to long and short term debt finance.

#### *Currency risks*

Payments as a result of sales income and expenses for goods sold in foreign currencies cause currency exposure that affects company profits in the event of exchange rate fluctuations. Major currencies such as Euro and US Dollar are bought and sold at spot rates.

# HUNTLEIGH HEALTHCARE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *Credit risks*

The company's principal financial assets are bank balances and cash, trade and other receivables and investments. Commercial credit risks are limited by a diverse, creditworthy customer base.

The largest external customer in the UK is the NHS which is inherently low risk. Any debtors where payment is in doubt have been provided against and the provision is reflected in operating profit.

The company has no significant concentration of credit risk with exposure spread over a large number of counterparties, customers and countries.

#### *Price risks*

The company is subject to price risk on sale of goods to third parties. It controls this risk by ensuring it is not dependent on one customer. Other purchases and sales are between group companies where group policy and direction ensures that prices are fair and result in a commercial return for the services provided.

Approved by the Board of Directors and signed on behalf of the Board.



A J Scott-Green

Director

14 August 2019

# **HUNTLEIGH HEALTHCARE LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and audited financial statements for the year ended 31 December 2018.

The company is a private limited company limited by shares and incorporated and registered in England and Wales.

### **GOING CONCERN**

The company has a deed of guarantee in place with its ultimate parent undertaking, Arjo AB, a company registered in Sweden, which irrevocably guarantees to provide financial support to the company as may from time to time be necessary to enable the company to perform its business and satisfy its financial obligations as they fall due for the foreseeable future. The directors have assessed the ability of Arjo AB to provide that support and, on that basis, have concluded that the application of the going concern basis of preparation for the financial statements is appropriate.

### **DIVIDENDS**

Dividend paid out in the current year was £12,700k. (2017: £13,953k).

### **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:

P Cashin  
A J Scott-Green  
K Ibrahim  
P Lyon

### **EMPLOYEE POLICY**

The company's policy is to provide equality of employment opportunity, through training, career development and promotion. It supports the employment of disabled people wherever possible, by recruitment and by retraining all those who become disabled during their employment.

Effective communication with all employees is ensured through a variety of different practices such as works and health and safety committees, continual in-house refresher and training courses and periodic briefings by senior managers. These practices ensure that the views of employees are taken into account in making decisions that are likely to affect their interests and that employees are aware of financial and economic factors that affect the performance of the company.

### **HEALTH AND SAFETY AND THE ENVIRONMENT**

The company continuously refines its detailed policies and procedures in respect of health and safety and environmental matters. The impact of the business on the environment is taken seriously and the company has in place safeguards to protect the environment from pollution. The company seeks to minimise any disturbance to the local and global environment and the quality of life of local communities. Full details can be found in the social review of the ultimate holding company, Arjo AB.

### **FINANCIAL RISK MANAGEMENT**

A note on financial risk management has been included in the Strategic Report.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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:

# HUNTLEIGH HEALTHCARE LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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.

## DISCLOSURE OF INFORMATION TO AUDITORS


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.

## INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors of the company and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



A J Scott-Green

Director

14 August 2019

# HUNTLEIGH HEALTHCARE LIMITED

## *Independent auditors' report to the members of Huntleigh Healthcare Limited*

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Huntleigh Healthcare Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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, which comprise: the balance sheet as at 31 December 2018; the profit and loss account, the statement of comprehensive income, 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**

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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**

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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.



## HUNTLEIGH HEALTHCARE LIMITED

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 31 December 2018 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.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of the Directors' Responsibilities, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *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.

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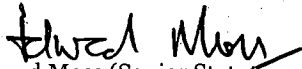
## **Other required reporting**

### **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.

  
Edward Moss (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

14 August 2019

# HUNTLEIGH HEALTHCARE LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
<b>TURNOVER</b>	2	20,851	18,805
Cost of sales		(11,348)	(9,928)
<b>GROSS PROFIT</b>		9,503	8,877
Distribution costs		(2,614)	(2,392)
Administrative expenses		(2,574)	(2,514)
<b>OPERATING PROFIT</b>	3	4,315	3,971
<b>PROFIT BEFORE INTEREST AND TAXATION</b>		4,315	3,971
Dividends received		-	8,953
Interest receivable and similar income	4	76	6
Interest payable and similar expenses	5	-	(4)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		4,391	12,926
Tax on profit	9	(597)	(116)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		3,794	12,810

All activities derive from continuing activities.

There is no material difference between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 12 to 26 form part of the financial statements.

# HUNTLEIGH HEALTHCARE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
<b>PROFIT FOR THE FINANCIAL YEAR</b>		3,794	12,810
Actuarial loss relating to the pension scheme		-	(10,258)
Deferred tax attributable to actuarial loss	16	-	1,744
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>3,794</u>	<u>4,296</u>

The notes on pages 12 to 26 form part of the financial statements.

# HUNTLEIGH HEALTHCARE LIMITED

## BALANCE SHEET

As at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	5,273	5,355
Tangible assets	11	687	650
Investments	12	10,104	10,104
		<u>16,064</u>	<u>16,109</u>
<b>CURRENT ASSETS</b>			
Stocks	13	3,676	3,493
Debtors	14	6,879	5,146
Cash at bank and in hand		2,508	13,393
		<u>13,063</u>	<u>22,032</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(18,252)</u>	<u>(18,360)</u>
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>		<u>(5,189)</u>	<u>3,672</u>
<b>NET ASSETS</b>		<u>10,875</u>	<u>19,781</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	301	301
Reserves		10,574	19,480
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>10,875</u>	<u>19,781</u>

The financial statements on pages 8 to 26 were approved by the Board of Directors and authorised for issue on August 2019.

Signed on behalf of the Board of Directors



A J Scott-Green

Director

14 August 2019

Registered number 942245

# HUNTLEIGH HEALTHCARE LIMITED

## STATEMENT OF CHANGES IN EQUITY

As at 31 December 2018

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance as at 1 January 2017	301	16,234	16,535
Dividend paid	-	(13,953)	(13,953)
Capital contribution	-	12,903	12,903
Total comprehensive income	-	4,296	4,296
Balance as at 31 December 2017	301	19,480	19,781
Balance as at 1 January 2018	301	19,480	19,781
Dividend paid	-	(12,700)	(12,700)
Total comprehensive income	-	3,794	3,794
Balance as at 31 December 2018	301	10,574	10,875

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

### 1. ACCOUNTING POLICIES

#### General information

The principal activity of the company is the development, manufacture and distribution of electro medical equipment. The company is incorporated and domiciled in the UK. The registered address is ArjoHuntleigh House, Houghton Hall Business Park, Houghton Regis, Dunstable, Bedfordshire, United Kingdom LU5 5XF.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

The financial statements of Huntleigh Healthcare Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

#### Basis of preparation

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, ("FRS102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

These financial statements are prepared on a going concern basis, under the historical cost convention.

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions as per FRS 102 para 1.12.

- (i) A reconciliation of the number of shares outstanding at the beginning and end of the period.
- (ii) The requirement to prepare a statement of cash flows.
- (iii) Certain financial instrument disclosures, providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- (iv) The non-disclosure of key management personnel compensation in total.

A qualifying entity may take advantage of the disclosure exemptions above provided that:

- (a) its shareholders have been notified and have not objected to the use of the exemptions;
- (b) it otherwise applies the recognition, measurement and disclosure requirements of FRS 102; and
- (c) it discloses in the notes to its financial statements a brief summary of the disclosure exemptions adopted and the name of the parent of the group in whose consolidated financial statements are adopted and from where those financial statements may be obtained.

#### Consolidation

The company is a wholly-owned subsidiary of Arjo AB and is included in the consolidated financial statements of Arjo AB which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

#### Going concern

Please refer to the Strategic Report and Directors' Report for comments on the company's trading performance in the current financial year and going concern.

#### Research and development

Research expenditure is written off as it is incurred. Development expenditure is also written off except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. Where projects have been identified as having probable future benefits, expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is between 3 and 10 years. Provision is made for any impairment.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

### 1. ACCOUNTING POLICIES (CONTINUED)

#### **Tangible fixed assets**

Fixed assets are shown at cost net of depreciation and any provision for impairment.

Depreciation is provided on the cost of all tangible fixed assets, at a rate calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	-	50 years
Plant and machinery	-	up to a maximum of 10 years, or the remaining term of the lease if longer

#### **Financial instruments**

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *i) Financial assets*

Basic financial assets including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### *ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at cost using the effective transaction price and subsequently measured at amortised interest rate.

#### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

##### *i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 1. ACCOUNTING POLICIES (CONTINUED)

The taxation assets and liabilities of the branch may be reduced wholly or in part by the surrender of losses to or from fellow group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering or recipient companies, as appropriate.

#### *i) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are not discounted.

#### **Turnover and segmental information**

Income from the sale of goods is recognised at the point at which the goods are despatched and the rights and rewards of ownership are transferred. Turnover is stated net of VAT and other sales-related taxes, and intra-group transactional discounts.

#### **Leases**

Rentals paid under operating leases are charged against income on a straight-line basis over the lease term.

#### **Investments**

Fixed asset investments are stated at cost less provision for impairment.

#### **Employee benefits**

##### *i) Defined benefit pension schemes*

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ("discount rate").

##### *ii) Defined contribution pension schemes*

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

##### *iii) Short term benefits*

Short-term benefits, including holiday pay and other similar monetary benefits are recognised as an expense in the period in which the service is received.



# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Goodwill - 20 years
- Capitalised projects and other intangibles - 5 years

Amortisation is charged to Administrative expenses in the profit and loss account.

Where factors, such as technical advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### Stocks and work in progress

Stock is stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to its present location and condition. Cost is calculated using the first in first out ("FIFO") method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### Foreign currency

- (i) Functional and presentation currency

The company's financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentation currency is the pound sterling.

- (i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 1. ACCOUNTING POLICIES (CONTINUED)

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses)/gains'.

#### (ii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

#### **Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **a) Critical judgements in applying the entity's accounting policies**

##### *i) Exemptions on transition to FRS 102*

The company has elected to use the previous UK GAAP valuation of land and buildings as the deemed cost on transition to FRS 102. The items are being depreciated from the date of transition (1<sup>st</sup> January 2014) in accordance with the company's accounting policies.

#### **b) Critical accounting estimates and assumptions**

##### *i) Defined benefit pension scheme*

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 8 for the disclosures relating to the defined benefit pension scheme.

##### *ii) Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 1 above for the useful economic lives of each class of assets.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 2. TURNOVER

Analysis of turnover by category:

	2018 £'000	2017 £'000
External sales	20,851	18,805
	<u>20,851</u>	<u>18,805</u>

Analysis of turnover by geography:

	2018 £'000	2017 £'000
United Kingdom	6,046	5,054
Europe	5,570	5,380
Rest of the World	9,235	8,371
	<u>20,851</u>	<u>18,805</u>

### 3. OPERATING PROFIT

	2018 £'000	2017 £'000
Operating profit is stated after charging / (crediting)		
Research and development	968	669
Depreciation of owned fixed assets	253	242
Amortisation of intangible assets	1,243	1,068
Operating lease rentals - other	105	99
Foreign exchange gains	(189)	(272)
Fees payable to the company's auditors for the audit of the company's annual financial statements	25	25
	<u>25</u>	<u>25</u>

### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Bank interest	49	6
Financial income	27	-
	<u>76</u>	<u>6</u>

### 5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £'000	2017 £'000
Net pension scheme interest	-	4
	<u>-</u>	<u>4</u>

### 6. DIRECTORS' EMOLUMENTS

	2018 £'000	2017 £'000
Directors' remuneration		
Emoluments	315	317
	<u>315</u>	<u>317</u>

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 7. DIRECTORS' EMOLUMENTS (CONTINUED)

	2018 No.	2017 No.
<b>The number of directors who:</b>		
Are members of a defined benefit scheme	-	-

	2018 £'000	2017 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments	188	193

The accrued pension at 31 December 2018 for the highest paid director of the company is £nil per annum (2017 - £nil).

### 8. STAFF COSTS

	2018 £'000	2017 £'000
Wages and salaries	5,571	5,289
Social security costs	529	527
Other pension costs	274	266
	<u>6,374</u>	<u>6,082</u>

Average monthly number of employees (including the directors) during the year was:

	2018 No.	2017 No.
Sales	24	25
Administration	70	65
Manufacturing	66	61
	<u>160</u>	<u>151</u>

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Year ended 31 December 2018

#### 9. TAX ON PROFIT

	2018 £'000	2017 £'000
<b>Current tax</b>		
United Kingdom corporation tax charge at 19% (2017: 19%) based on the profit for the year	745	474
Adjustments in respect of prior years	-	(289)
<b>Total current tax</b>	745	185
<b>Deferred tax (see note 16)</b>		
Timing differences, origination and reversal	64	(191)
Adjustments in respect of prior years	(212)	122
<b>Total deferred tax</b>	(148)	(69)
<b>Tax on profit</b>	597	116

The tax for the year is higher (2017: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2018 of 19% (2017: 19.25%). The differences are explained below.

	2018 £'000	2017 £'000
Profit before taxation	4,391	12,926
Profit before taxation multiplied by standard rate of 19% (2017: 19.25%)	834	2,488
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	(116)	11
Income not chargeable for tax purposes	-	(1,723)
Other differences	91	(493)
Adjustments in respect of prior years	(212)	(167)
<b>Total tax charge for the year</b>	597	116

#### Factors affecting current and future tax charges:

UK corporation tax rate was reduced to 19% from April 2017. Future changes to UK corporation tax are further reductions to 17% from April 2020.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Year ended 31 December 2018

#### 10. INTANGIBLE ASSETS

	Goodwill £'000	Development costs £'000	Intellectual property £'000	Total £'000
<b>Cost</b>				
At 1 January 2018	3,156	9,141	666	12,963
Additions	-	1,416	-	1,416
Transfers/reclass	-	(230)	-	(230)
At 31 December 2018	3,156	10,327	666	14,149
<b>Accumulated amortisation</b>				
At 1 January 2018	2,354	4,588	666	7,608
Charge for the year	100	1,143	-	1,243
Reclass	-	25	-	25
At 31 December 2018	2,454	5,756	666	8,876
<b>Net book amount</b>				
At 31 December 2017	802	4,553	-	5,355
At 31 December 2018	702	4,571	-	5,273

#### 11. TANGIBLE ASSETS

	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 1 January 2018	109	4,548	4,657
Additions	-	290	290
At 31 December 2018	109	4,838	4,947
<b>Accumulated Depreciation</b>			
At 1 January 2018	109	3,898	4,007
Charge for the year	-	253	253
At 31 December 2018	109	4,151	4,260
<b>Net book amount</b>			
At 31 December 2017	-	650	650
At 31 December 2018	-	687	687

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Year ended 31 December 2018

#### 12. INVESTMENTS

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
At 1 January 2018	19,289
At 31 December 2018	19,289
<b>Provision for impairment</b>	
At 1 January 2018	(9,185)
At 31 December 2018	(9,185)
<b>Net book value</b>	
At 31 December 2017	10,104
At 31 December 2018	10,104

The company has investments in the following subsidiary undertakings:

Company	Country of registration or incorporation	Shares held Class	%
Arjo Huntleigh International Limited	England and Wales	£1 ordinary	100
Huntleigh Healthcare A/S	Denmark	1,000 DKK ordinary	100
Pegasus Limited*	England and Wales	£1 ordinary	100

\* This company was dormant in the current and preceding year.

The above subsidiary undertakings that are not noted as being dormant distribute and rent equipment and instrumentation for medical applications.

The percentage holdings shown above are the interests in the nominal value of the issued ordinary shares held. In all cases the percentage of the voting rights held is the same as the percentage of the nominal value of the issued ordinary shares held.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 13. STOCKS

	2018 £'000	2017 £'000
Raw materials and consumables	2,360	2,265
Work in progress	296	312
Finished goods and goods for resale	1,020	916
	<u>3,676</u>	<u>3,493</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

### 14. DEBTORS

	2018 £'000	2017 £'000
Trade debtors	3,865	3,484
Amounts owed by group undertakings	2,215	1,253
Other debtors	655	280
Prepayments and accrued income	144	129
	<u>6,879</u>	<u>5,146</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	1,048	1,119
Amounts owed to group undertakings	15,229	15,298
Deferred tax	311	459
Corporation tax	350	205
Other creditors	193	356
Accruals and deferred income	1,121	923
	<u>18,252</u>	<u>18,360</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.



# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Year ended 31 December 2018

#### 16. DEFERRED TAXATION

The movement in deferred taxation during the year is as follows:

	2018 £'000	2017 £'000
Deferred tax as at 1 January	(459)	(406)
Deferred tax credited to the profit and loss account	148	69
Deferred tax credited to other comprehensive income	-	1,744
Deferred tax impact of capital contribution	-	(1,866)
Deferred tax liability as at 31 December	<u>(311)</u>	<u>(459)</u>

Deferred taxation is comprised as follows:

	2018 £'000	2017 £'000
Capital allowances in advance of depreciation	107	114
Other timing differences	(418)	(573)
	<u>(311)</u>	<u>(459)</u>

Deferred tax asset relating to the pension deficit:

At 1 January	-	189
Deferred tax credited to other comprehensive income	-	1,744
Deferred tax impact of capital contribution	-	(1,866)
Deferred tax charges to the profit and loss account	-	(67)
31 December	<u>-</u>	<u>-</u>

#### 17. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

Financial assets that are debt instruments measured at amortised cost	2018 £'000	2017 £'000
Trade debtors	3,865	3,484
Amounts owed by group undertakings	2,215	1,253
Other debtors	655	280
	<u>6,735</u>	<u>5,146</u>
Financial liabilities measured at amortised cost	2018 £'000	2017 £'000
Trade creditors	1,048	1,119
Amounts owed to group undertakings	15,229	15,298
Other creditors	853	1,120
	<u>17,130</u>	<u>17,541</u>

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 18. CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
<b>Authorised</b>		
400,000 (2017: 400,000) ordinary shares of £1 each	400	400
<b>Called up, allotted and fully paid</b>		
301,000 (2017: 301,000) ordinary shares of £1 each	301	301

### 19. OPERATING LEASE ARRANGEMENTS

At 31 December 2018 the company had total commitments under non-cancellable operating leases as follows:

	2018 £'000	2017 £'000
Within one year	88	63
In the second to fifth years inclusive	-	79
	88	142

Operating lease payments represent rentals payable by the company for certain of its vehicles. Leases are negotiated on varying terms depending on the type of asset leased.

### 20. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2018 (2017: £nil).

### 21. RELATED PARTIES

As the company is a 100% owned subsidiary of a group whose consolidated financial statements are publicly available it is not required to disclose transactions with other group undertakings that would otherwise be required under Financial Reporting Standard 102 p.33.9 'Related Party Transactions'.

### 22. DIVIDENDS

	2018 £'000	2017 £'000
Dividends paid in 2018 were £42.19 per share (2017- £46.36 per share)	12,700	13,953

### 23. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard Arjo AB, a company incorporated in Sweden, as the ultimate holding company and controlling party and Huntleigh Luton Limited as the immediate parent company.

The smallest and largest group in which the results of the company are consolidated for the year ended 31 December 2018 is that headed by Arjo AB. Copies of the consolidated financial statements of Arjo AB which include the results of the company can be obtained from Arjo AB, Hans Michelsensgaten 10-211 20 Malmö, Sweden.