

Company Registration No. 942245

**HUNTLEIGH HEALTHCARE
LIMITED**

Annual Report and Financial Statements

31 December 2020



HUNTLEIGH HEALTHCARE LIMITED

REPORT AND FINANCIAL STATEMENTS 2020

CONTENTS	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Independent Auditors' report	6
Profit and loss account	9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

HUNTLEIGH HEALTHCARE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

P Cashin
A J Scott-Green
K Ibrahim
H C R Stentoft

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

Solicitors

Gowling WLG
Two Snowhill
Birmingham
B4 6WR

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester Hardman Sq
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 2020.

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 taxation was £6,504k (2019: £5,094k). Turnover £27,402k (2019: £23,150k). Net assets £25,031k (2019: £19,901k). There was a steady increase in operational profit. The company experienced further growth in the markets in which it operates, continuing to grow the sales of the various new products launched since 2016 in existing markets and by registering them for sale in further markets around the world. A major product launch was delayed due to the Covid-19 crisis allowing the company to plan for a full clinical trial of the product which is currently on-going. In the second half of 2021, there are two further new product launches expected, one within the patient monitoring division providing the company with a rounded set of offerings in this sector and a new product in our vascular division, all of which sets the business in a good position to meet its growth expectation in 2021 and beyond.

KEY PERFORMANCE INDICATORS

Turnover in total has increased by circa £4.3m (2019: £2.3m) compared with the previous year. The turnover has come from continued operations with a portion of the growth attributable to the Covid-19 crisis.

The company's gross profit margin has slightly decreased to 45% (2019: 46%) and working capital (the ratio of current assets to current liabilities) has increased to 1.62:1 (2019 0.9:1).

There were 170 employees on 31 December 2020 (2019 - 161 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. The Covid 19 crisis has added to the risk and uncertainties the company has faced, causing supply chain issues as well as changes to how the site and employees have operated. The company overcome these issues during 2020 ensuring continuity of supply, however the increased global demand for electronic equipment has caused further supply chain delays in the early part of 2021 and the company is working with its network of suppliers to overcome these issues. The company has followed government guidelines in regards to working from home where possible and ensured strict hygiene and social distancing rules are adhered to whilst employees are on site.

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, liquidity & cash flow risk, currency risk, credit 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.

HUNTLEIGH HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

Credit risks

The company's principal financial assets are cash at bank and in hand, 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 September 2021

HUNTLEIGH HEALTHCARE LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2020.

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

GOING CONCERN

The company is supported by its net assets and financial position, which enables the entity to perform its business and satisfy its financial obligations as they fall due for the foreseeable future. The strategic report confirms that the directors have assessed the company's capacity to support its ongoing business by assessing its net current assets, the profit and cash generating ability it possesses, having been satisfied with the company's financial performance for the year ended 31st December 2020 as well as the performance in 2021 to date, have concluded the application of the going concern basis of preparation of the statutory financial statements is appropriate. While making this assessment the directors have considered the impact of Covid19 on its ability to continue as a going concern and are of the opinion that it does not change the long term prospects of the company.

DIVIDENDS

There was no dividend paid out in the current year (2019: NIL) and the recommendation for a future dividend was 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:

P Cashin
A J Scott-Green
K Ibrahim
P Lyon (resigned 26 February 2021)
H C R Stentoft (appointed 1 March 2021)

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.

FUTURE DEVELOPMENTS

A note on future developments has been included in the Strategic Report.

HUNTLEIGH HEALTHCARE LIMITED

DIRECTORS' REPORT (CONTINUED)

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:

- 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 September 2021

HUNTLEIGH HEALTHCARE LIMITED

Independent auditors' report to the members of Huntleigh Healthcare Limited

Report on the audit of the financial statements

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 2020 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 (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; 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

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.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements

HUNTLEIGH HEALTHCARE LIMITED

does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and regulations which govern the preparation of financial statements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements

HUNTLEIGH HEALTHCARE LIMITED

(including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, through management bias in manipulation of accounting estimates or accounting for significant transactions outside the normal course of business. Audit procedures performed by the engagement team included:

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

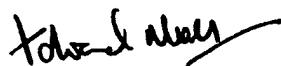
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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 September 2021

HUNTLEIGH HEALTHCARE LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
TURNOVER	2	27,402	23,150
Cost of sales		(14,979)	(12,499)
GROSS PROFIT		12,423	10,651
Distribution costs		(3,254)	(3,106)
Administrative expenses		(2,770)	(2,473)
OPERATING PROFIT	3	6,399	5,072
PROFIT BEFORE INTEREST AND TAXATION		6,399	5,072
Interest receivable and similar income	4	106	31
Interest payable and similar expenses	5	(1)	(9)
PROFIT BEFORE TAXATION		6,504	5,094
Tax on profit	8	(1,374)	(1,087)
PROFIT FOR THE FINANCIAL YEAR		5,130	4,007

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 25 form part of the financial statements.

HUNTLEIGH HEALTHCARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME **Year ended 31 December 2020**

	Note	2020 £'000	2019 £'000
PROFIT FOR THE FINANCIAL YEAR		<u>5,130</u>	<u>4,007</u>

The notes on pages 12 to 25 form part of the financial statements.

HUNTLEIGH HEALTHCARE LIMITED

BALANCE SHEET

As at 31 December 2020

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	9	5,291	5,369
Tangible assets	10	1,224	1,089
Investments	11	9,877	10,104
		<u>16,392</u>	<u>16,562</u>
CURRENT ASSETS			
Stocks	12	5,514	4,458
Debtors	13	9,535	8,752
Cash at bank and in hand		7,584	4,357
		<u>22,633</u>	<u>17,567</u>
CREDITORS: amounts falling due within one year	14	<u>(13,994)</u>	<u>(14,228)</u>
NET CURRENT ASSETS		8,639	3,339
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>25,031</u>	<u>19,901</u>
CAPITAL AND RESERVES			
Called up share capital	17	301	301
Profit and loss account		24,730	19,600
TOTAL SHAREHOLDERS' FUNDS		<u>25,031</u>	<u>19,901</u>

The financial statements on pages 8 to 25 were approved by the Board of Directors and authorised for issue on 14th September 2021.

Signed on behalf of the Board of Directors



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A J Scott-Green

Director

14 September 2021

Registered number 942245

HUNTLEIGH HEALTHCARE LIMITED

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance as at 1 January 2019	301	10,574	10,875
Capital Contribution	-	5,019	5,019
Profit for the Financial Year	-	4,007	4,007
Balance as at 31 December 2019	301	19,600	19,901
Balance as at 1 January 2020	301	19,600	19,901
Profit for the Financial Year	-	5,130	5,130
Balance as at 31 December 2020	301	24,730	25,031

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 400 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 2020

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:

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

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.

ii) *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

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 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.

ii) *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.

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.

HUNTLEIGH HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

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

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.

- (ii) 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.

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'.

(iii) 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 (1st January 2014) in accordance with the company's accounting policies.

b) Critical accounting estimates and assumptions

i) *Useful economic lives of intangible assets*

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives. The useful economic lives are re-assessed annually. 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. See note 9 for the carrying amount of the intangible assets, and note 1 above for the useful economic lives of each class of assets.

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 10 for the carrying amount of the property plant and equipment, and note 1 above for the useful economic lives of each class of assets.

iii) *Stock Provisions*

Stock is stated at the lower of cost and net realisable value. The value of stock is adjusted for age as well as obsolescence on an annual basis. All items are assessed for an aged stock provision based on the last date of use/sale. Items relating to products that are no longer sold (requirement to hold for spare parts of historic sales) are written down to nil should they be deemed obsolete once the aged stock assessment has been carried out.

HUNTLEIGH HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

2. TURNOVER

Analysis of turnover by category:

	2020 £'000	2019 £'000
External sales	22,531	17,628
Internal sales	4,871	5,522
	<u>27,402</u>	<u>23,150</u>

Analysis of turnover by geography:

	2020 £'000	2019 £'000
United Kingdom	9,012	6,754
Europe	5,895	5,765
Rest of the World	12,495	10,631
	<u>27,402</u>	<u>23,150</u>

3. OPERATING PROFIT

	2020 £'000	2019 £'000
Operating profit is stated after charging / (crediting)		
Research and development	880	838
Depreciation of owned fixed assets	303	279
Amortisation of intangible assets	1,178	1,195
Operating lease rentals - other	101	113
Other Operating Income	(229)	-
Government Grant	(29)	-
Foreign exchange loss	3	65
Fees payable to the company's auditors for the audit of the company's annual financial statements	23	18
	<u>23</u>	<u>18</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Bank interest	6	10
Financial income	100	21
	<u>106</u>	<u>31</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Other interest payable	(1)	(9)
	<u>(1)</u>	<u>(9)</u>

HUNTLEIGH HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

6. DIRECTORS' EMOLUMENTS

	2020 £'000	2019 £'000
Directors' remuneration		
Emoluments	384	360

	2020 No.	2019 No.
The number of directors who:		
Are members of a defined benefit scheme	-	-

	2020 £'000	2019 £'000
Remuneration of the highest paid director:		
Emoluments	242	223

The accrued pension at 31 December 2020 for the highest paid director of the company is £nil per annum (2019 - £nil).

7. STAFF COSTS

	2020 £'000	2019 £'000
Wages and salaries	6,575	5,782
Social security costs	657	583
Other pension costs	302	285
	7,534	6,650

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

	2020 No.	2019 No.
Sales	27	24
Administration	64	64
Manufacturing	79	73
	170	161

HUNTLEIGH HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

8. TAX ON PROFIT

	2020 £'000	2019 £'000
Current tax		
United Kingdom corporation tax charge at 19% (2019: 19%) based on the profit for the year	1,338	1,034
Adjustments in respect of prior years	141	(220)
Total current tax	<u>1,479</u>	<u>814</u>
Deferred tax (see note 15)		
Timing differences, origination and reversal	(105)	(81)
Adjustments in respect of prior years	-	354
Total deferred tax	<u>(105)</u>	<u>273</u>
Tax on profit	<u>1,374</u>	<u>1,087</u>

The tax for the year is higher (2019: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below.

	2020 £'000	2019 £'000
Profit before taxation	<u>6,504</u>	<u>5,094</u>
Profit before taxation multiplied by standard rate of 19% (2019: 19%)	1,236	968
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	9	57
Other differences	(12)	(72)
Adjustments in respect of prior years	141	134
Total tax charge for the year	<u>1,374</u>	<u>1,087</u>

Factors affecting current and future 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. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

HUNTLEIGH HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

9. INTANGIBLE ASSETS

	Goodwill £'000	Development costs £'000	Intellectual property £'000	Total £'000
Cost				
At 1 January 2020	3,156	11,618	666	15,440
Additions	-	1,100	-	1,100
Disposal	-	-	(27)	(27)
At 31 December 2020	3,156	12,718	639	16,513
Accumulated amortisation				
At 1 January 2020	2,554	6,851	666	10,071
Charge for the year	100	1,078	-	1,178
Disposal	-	-	(27)	(27)
At 31 December 2020	2,654	7,929	639	11,222
Net book amount				
At 31 December 2019	602	4,767	-	5,369
At 31 December 2020	502	4,789	-	5,291

10. TANGIBLE ASSETS

	Plant and machinery £'000
Cost	
At 1 January 2020	5,491
Additions/Transfer	439
Disposal	(13)
At 31 December 2020	5,916
Accumulated Depreciation	
At 1 January 2020	4,402
Charge for the year	303
Disposal	(12)
At 31 December 2020	4,692
Net book amount	
At 31 December 2019	1,089
At 31 December 2020	1,224

HUNTLEIGH HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

11. INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2020	19,289
Disposal	(227)
At 31 December 2020	19,062
Provision for impairment	
At 1 January 2019	(9,185)
At 31 December 2019	(9,185)
Net book value	
At 31 December 2019	10,104
At 31 December 2020	9,877

The company has investments in the following subsidiary undertakings:

Company	Country of registration or incorporation	Shares held Class	%	Address
Arjo Huntleigh International Limited	England and Wales	£1 ordinary	100	Arjohuntleigh House Houghton Hall Business Park, Houghton Regis, Dunstable, Bedfordshire, LU5 5XF
Pegasus Limited*	England and Wales	£1 ordinary	100	Arjohuntleigh House Houghton Hall Business Park, Houghton Regis, Dunstable, Bedfordshire, LU5 5XF

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

During the year company disposed off its investment in the Huntleigh Healthcare A/S, a company registered in Denmark at net book value to the parent company Arjo AB.

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 2020

12. STOCKS

	2020 £'000	2019 £'000
Raw materials and consumables	2,735	2,889
Work in progress	866	521
Finished goods and goods for resale	1,913	1,048
	<u>5,514</u>	<u>4,458</u>

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

13. DEBTORS

	2020 £'000	2019 £'000
Trade debtors	4,572	4,062
Amounts owed by group undertakings	3,932	3,596
Other debtors	853	855
Prepayments and accrued income	178	239
	<u>9,535</u>	<u>8,752</u>

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	1,235	1,569
Amounts owed to group undertakings	10,583	10,372
Deferred tax	479	584
Corporation tax	247	317
Other creditors	278	313
Accruals and deferred income	1,172	1,073
	<u>13,994</u>	<u>14,228</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 2020

15. DEFERRED TAXATION

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

	2020 £'000	2019 £'000
Deferred tax as at 1 January	(584)	(311)
Deferred tax credited to the profit and loss account	105	(273)
Deferred tax liability as at 31 December	<u>(479)</u>	<u>(584)</u>

Deferred taxation is comprised as follows:

	2020 £'000	2019 £'000
Capital allowances in advance of depreciation	30	89
Other timing differences	(509)	(673)
	<u>(479)</u>	<u>(584)</u>

16. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

Financial assets that are debt instruments measured at amortised cost	2020 £'000	2019 £'000
Trade debtors	4,572	4,062
Amounts owed by group undertakings	3,932	3,596
Other debtors	853	855
	<u>9,357</u>	<u>8,513</u>

Financial liabilities measured at amortised cost	2020 £'000	2019 £'000
Trade creditors	1,235	1,569
Amounts owed to group undertakings	10,583	10,372
Other creditors	278	313
	<u>12,096</u>	<u>12,254</u>

17. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Authorised		
400,000(2019: 400,000) ordinary shares of £1 each	<u>400</u>	<u>400</u>
Called up, allotted and fully paid		
301,000 (2019: 301,000) ordinary shares of £1 each	<u>301</u>	<u>301</u>

HUNTLEIGH HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

18. OPERATING LEASE ARRANGEMENTS

At 31 December 2020 the company had total commitments under non-cancellable operating leases as follows:

	2020 £'000	2019 £'000
Within one year	89	101
In the second to fifth years inclusive	105	125
	<u>194</u>	<u>226</u>

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.

19. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2020 (2019: £nil).

20. 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'.

21. DIVIDENDS

	2020 £'000	2019 £'000
Dividends paid in 2020 were £0 per share (2019- £0 per share)	<u>-</u>	<u>-</u>

22. 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 2020 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.

23. Post Balance Sheet Events

The departure from the EU had an impact on exporting activities in the early part of 2021 and has added to the administrative burden of the company, the exporting activities to the EU have since recovered and therefore has been considered as a non-adjusting event for the 2020 financial statements.