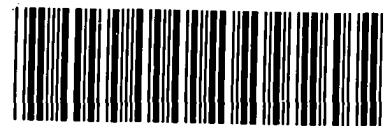

PELICAN HEALTHCARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



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PELICAN HEALTHCARE LIMITED

COMPANY INFORMATION

Directors

P A Eakin
J D Eakin
T G Eakin

Registered number

02648823

Registered office

Greypoint
Cardiff Business Park
Llanishen
Cardiff
CF14 5WF

Independent auditors

Miscampbell & Co
Chartered Accountants & Statutory Auditors
6 Annadale Avenue
Belfast
BT7 3JH

PELICAN HEALTHCARE LIMITED

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PELICAN HEALTHCARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Results

The results for the year are set out on page 9.

The directors are satisfied with the trading performance of the Company during the year given the market environment in which it operates and the resultant competitor activity.

Business review, development and performance

The Company, engaged in the manufacture of ostomy products, has performed satisfactorily over many years and it is expected that the Company will continue to develop against the backdrop of increased investment in sales and marketing resources in an ever increasing competitive environment; together with increased activity by the Company in product development and in its production facilities. The directors have determined that the following key performance indicators (KPIs) covering financial performance are the most effective measure of progress towards achieving the Company's objectives: revenue and revenue growth; operating profit and operating profit growth; and cash flow; including variance reporting against budget. Non financial KPIs are managed through management quality reviews which incorporate production, post production, employee, environmental and supplier standard reviews. The Company submits to regular external audits covering ISO 13485 (quality standard).

As the Company expands and develops there is reduced dependence on any one product or any one market segment thereby realising a key objective of the Company. The directors believe that growth in turnover, profit, market share and expansion of product ranges and markets can be achieved in the long term based on the business plan for the Company. A major focus will be product development and new product innovation; and investment in automation to protect the Company from continuing competitive forces. The Company also plans to increase its marketing activities which may curtail profit growth in the short term. Success has been attributed to the combination of quality of products, customer service and its people. The Company will continue to value its employees and to build even stronger relationships with its distributors and customers.

Key risks and uncertainties affecting the business

Increased competition is always present in the industry and the Company continues to ensure that its product offering is maintained at the highest standard and has increased its selling and marketing activities to ensure that the Company's brands continue to perform well in their markets. The pressure on the NHS in the UK to reduce costs will provide additional challenges in ensuring that the production cost base is closely managed. Therefore, the Company continues to invest in production facilities to reduce unit production costs.

The uncertainties surrounding the final agreement for the withdrawal of the United Kingdom from the European Union present challenges to the Group's business. These include the lack of clarity on the full impact for tariff arrangements, regulatory affairs and the management of supply chains. Our planning has included working with suppliers, customers and other stakeholders to provide assurances that any short-term adverse impacts are minimised.

Environment strategy

The Company is increasingly aware of the need to put environmental responsibilities higher on the agenda. There is increased emphasis therefore on energy conservation and recycling. Waste levels are closely monitored.

PELICAN HEALTHCARE LIMITED

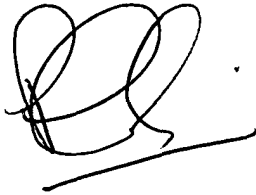
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Employment strategy

The Company aims to recruit, invest in and retain employees who are valued for their contribution and ability to fulfil their potential in meeting the Company's business objectives. The Company proactively ensures compliance with all employee protection legislation and ensures no discrimination on the grounds of race, religion, gender, sexual orientation, disability or age. The Eakin Healthcare Group employs a Group Human Resources Director.

This report was approved by the Board on 28 June 2019 and signed on its behalf.

P A Eakin
Director

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the bottom.

PELICAN HEALTHCARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Principal activity

The principal activity of the Company is the manufacture and supply of disposable medical devices for ostomy care.

Results and dividends

The profit for the year, after taxation, amounted to £6,117,845 (2018 - £6,288,856). The pre tax profit of £7,081,670 is reported after impairment charges totalling £8,631, which the directors consider appropriate.

Dividends paid in the year amounted to £6,000,000 (2018 - £6,182,000).

Directors

The directors who served during the year were:

P A Eakin
J D Eakin
T G Eakin

PELICAN HEALTHCARE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Financial risk management objectives and policies

Credit Risk:

Company policy is aimed at minimising such risk and requires that credit and other terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Individual exposures are monitored with customers subject to credit terms to ensure that the Company's exposure to bad debts is managed.

Liquidity Risk and Cash Flow Risk:

The Company's liquidity risk is managed by the directors through daily assessment of required cash balances and resultant utilisation of various available facilities including overdrafts (where necessary), letters of credit and guarantees. Cash flow risk is managed through regular and timely internal reports covering sales, production and finance.

Foreign Currency Risk:

The Company purchases some raw materials and goods for resale in euros and other currencies. Risk on foreign currencies is minimised by using forward exchange contracts as considered appropriate. This has been a successful policy in the management of currency risk. The Company complies with the Group Treasury Policy which is reviewed annually by the Board.

Business Performance Risk:

Business performance risk is the risk that the Company may not perform as expected either due to internal factors or due to competitive pressures in the markets in which the Company operates. This risk is managed through a number of measures which include ensuring that the appropriate senior management team is in place; approval of the annual business plan and financial budget; monthly reporting against plan and prior year; effective documented financial controls; measurement and reporting of financial and non financial key performance indicators and regular sales and business forecasting.

Interest Rate Risk:

The risks arising from changes in interest rates are kept under review by the directors in accordance with Group Treasury Policy.

Regulatory Risk, including Price Risk:

The main regulatory risks faced by the Company relate to restrictions imposed by the Medical Devices Agency in the UK and the relevant regulatory and reimbursement authorities in export markets.

Health & Safety Risk:

The Company is committed to ensuring a safe working environment. The health and safety risks are closely managed by the Company through the strong promotion of a health and safety culture and defined health and safety policies incorporated within ISO procedures.

Research and development activities

Research and development is concentrated in ostomy care products. Our research and development activities consist of endeavouring to achieve scientific and technological advances in our chosen areas.

Ownership

At 31 March 2019, the Company was a 100% owned subsidiary of Eakin Healthcare Limited; incorporated in the Isle of Man. The ultimate parent company is Eakin Investments Limited; also incorporated in the Isle of Man.

PELICAN HEALTHCARE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Post balance sheet events

On 1 April 2019, subsequent to a restructuring of the Eakin Healthcare Group, the Company became a wholly owned subsidiary of Eakin Healthcare Group Limited, incorporated in Northern Ireland.

Future developments

The directors aim to address management objectives, execute business strategies and adopt effective policies which will promote the future growth and development of the Company.

Matters covered in the strategic report

This Report is set out on pages 1 and 2 and sets out information in respect of the results for the year; business review, including development, performance and key performance indicators; the key risks and uncertainties affecting the business; environmental strategy; and employment strategy.

Statement of compliance with the Modern Slavery Act 2015

A Statement of Compliance with the Modern Slavery Act 2015 is available on the Company website.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Miscampbell & Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 28 June 2019 and signed on its behalf.



P A Eakin
Director

PELICAN HEALTHCARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PELICAN HEALTHCARE LIMITED

Opinion

We have audited the financial statements of Pelican Healthcare Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

Other information

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

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 such material

PELICAN HEALTHCARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PELICAN HEALTHCARE LIMITED (CONTINUED)

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

PELICAN HEALTHCARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PELICAN HEALTHCARE LIMITED
(CONTINUED)

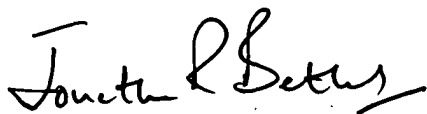
Auditors' responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan R Bethel (Senior statutory auditor)

for and on behalf of
Miscampbell & Co

Chartered Accountants & Statutory Auditors

6 Annadale Avenue
Belfast
BT7 3JH

28 June 2019

PELICAN HEALTHCARE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Turnover	4	24,039,631	23,267,624
Gross profit		12,070,567	11,943,668
Distribution costs		(188,216)	(159,799)
Administrative expenses		(5,758,041)	(5,682,652)
Other operating income	5	934,545	1,198,016
Operating profit	6	7,058,855	7,299,233
Interest receivable and similar income	9	22,815	12,649
Profit before tax		7,081,670	7,311,882
Tax on profit	10	(963,825)	(1,023,026)
Profit for the financial year		<u>6,117,845</u>	<u>6,288,856</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 14 to 31 form part of these financial statements.

PELICAN HEALTHCARE LIMITED
REGISTERED NUMBER: 02648823

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	25,086	23,827
Tangible assets	13	9,687,474	10,542,137
		<u>9,712,560</u>	<u>10,565,964</u>
Current assets			
Stocks	14	5,295,223	3,628,379
Debtors: amounts falling due within one year	15	5,725,181	5,728,326
Cash at bank and in hand	16	4,343,350	3,062,155
		<u>15,363,754</u>	<u>12,418,860</u>
Creditors: amounts falling due within one year	17	(3,871,478)	(1,910,490)
Net current assets		<u>11,492,276</u>	<u>10,508,370</u>
Total assets less current liabilities		<u>21,204,836</u>	<u>21,074,334</u>
Provisions for liabilities			
Deferred tax	19	(230,811)	(218,154)
		<u>(230,811)</u>	<u>(218,154)</u>
Net assets		<u><u>20,974,025</u></u>	<u><u>20,856,180</u></u>
Capital and reserves			
Called up share capital	20	49,200	49,200
Share premium account	21	1,821,612	1,821,612
Revaluation reserve	21	229,785	229,785
Profit and loss account	21	18,873,428	18,755,583
		<u><u>20,974,025</u></u>	<u><u>20,856,180</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2019.


P A Eakin
 Director


J D Eakin
 Director

The notes on pages 14 to 31 form part of these financial statements.

PELICAN HEALTHCARE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2018	49,200	1,821,612	229,785	18,755,583	20,856,180
Comprehensive income for the year					
Profit for the year	-	-	-	6,117,845	6,117,845
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,117,845	6,117,845
Dividends: Equity capital	-	-	-	(6,000,000)	(6,000,000)
Total transactions with owners	-	-	-	(6,000,000)	(6,000,000)
At 31 March 2019	49,200	1,821,612	229,785	18,873,428	20,974,025

The notes on pages 14 to 31 form part of these financial statements.

PELICAN HEALTHCARE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2017	49,200	1,821,612	229,785	18,648,727	20,749,324
Comprehensive income for the year					
Profit for the year	-	-	-	6,288,856	6,288,856
Other comprehensive income for the year					
	-	-	-	-	-
Total comprehensive income for the year					
	-	-	-	6,288,856	6,288,856
Dividends: Equity capital	-	-	-	(6,182,000)	(6,182,000)
Total transactions with owners					
	-	-	-	(6,182,000)	(6,182,000)
At 31 March 2018	49,200	1,821,612	229,785	18,755,583	20,856,180

The notes on pages 14 to 31 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	6,117,845	6,288,856
Adjustments for:		
Amortisation of intangible assets	641	411
Depreciation of tangible assets	1,141,270	834,237
Impairments of fixed assets	8,631	178,625
Loss on disposal of tangible and intangible assets	-	14,450
Interest received	(22,815)	(12,649)
Taxation charge	963,825	1,023,026
(Increase)/Decrease in stocks	(1,666,844)	(694,926)
(Increase)/Decrease in debtors	(217,653)	(257,419)
(Increase)/Decrease in amounts owed by group companies	220,798	1,468,531
Increase/(Decrease) in creditors	1,379,278	141,533
Increase/(Decrease) in amounts owed to group companies	514,076	(62,899)
Corporation tax (paid)	(883,534)	(1,010,172)

PELICAN HEALTHCARE LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
Net cash generated from operating activities	7,555,518	7,911,604
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,900)	(7,383)
Purchase of tangible fixed assets	(303,091)	(1,667,914)
Sale of tangible fixed assets	7,853	5,050
Interest received	22,815	12,649
Net cash from investing activities	(274,323)	(1,657,598)
Cash flows from financing activities		
Dividends paid	(6,000,000)	(6,182,000)
Net cash used in financing activities	(6,000,000)	(6,182,000)
Net increase in cash and cash equivalents	1,281,195	72,006
Cash and cash equivalents at beginning of year	3,062,155	2,990,149
Cash and cash equivalents at the end of year	4,343,350	3,062,155
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,343,350	3,062,155
	4,343,350	3,062,155

The notes on pages 14 to 31 form part of these financial statements.

PELICAN HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Pelican Healthcare Limited is a private company limited by shares. The Company is incorporated in England & Wales and has the Company number 02648823. The registered office address and principal place of business is Greypoint, Cardiff Business Park, Cardiff, Wales, CF14 5WF. The principal activity of the Company is the manufacture and supply of disposable medical devices for ostomy care.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Financial Statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Turnover comprises revenue recognised by the Company when the goods are dispatched and to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, exclusive of value added tax, rebates and trade discounts. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

PELICAN HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.3 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirers interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and Loss Account over its useful economic life, which is no longer than ten years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents	-	10	years
Trademarks & registered designs	-	10	years

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Freehold property	- 2% & 5% straight line
Long-term leasehold property	- 10% straight line
Plant and machinery	- 10% to 15% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 15% straight line
Computer equipment	- 10% to 33% straight line
Computer software	- 10% to 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed annually, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.5 Impairment of intangible and tangible fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the Profit and Loss Account for the period.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work-in-progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Profit and Loss Account.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

PELICAN HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Research and development

Research and development expenditure is written off to the Profit and Loss Account in the year in which it is incurred.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

PELICAN HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pounds sterling; GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the month exchange rates at month end preceding the date of the transaction.

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

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.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition on 1 April 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

PELICAN HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

PELICAN HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgments:

- Determine whether there are indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit. Estimates and judgments 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.
- Determine whether leases entered into by the Company either as a lessor or a lessee are operating lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 13) are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Sales	24,039,631	23,267,624
	<u>24,039,631</u>	<u>23,267,624</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	24,039,631	23,260,187
Europe (excluding United Kingdom)	-	7,437
	<u>24,039,631</u>	<u>23,267,624</u>

PELICAN HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Other operating income

	2019 £	2018 £
Management charge receivable	768,758	748,607
Service charge receivable	165,786	449,408
Net rents receivable	1	1
	<u>934,545</u>	<u>1,198,016</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Research & development charged as an expense	657,982	538,125
Depreciation of tangible fixed assets	1,141,270	834,237
Impairment of tangible fixed assets	8,631	178,625
Amortisation of intangible assets, including goodwill	641	411
Fees payable to the Company's auditor and its associates	14,391	14,100
(Profit)/Loss on foreign currency	(22,425)	21,060
Other operating lease rentals	48,783	59,258
Defined contribution pension cost	<u>103,867</u>	<u>105,294</u>

7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	13,000	13,000
	<u>13,000</u>	<u>13,000</u>

PELICAN HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

8. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	3,264,741	3,144,992
Social security costs	328,665	284,486
Cost of defined contribution scheme	103,867	106,780
	3,697,273	3,536,258

The average number of employees including directors, during the year was as follows:

	2019 No.	2018 No.
Administration	22	23
Sales and marketing	21	19
Production and warehouse	75	80
	118	122

9. Interest receivable

	2019 £	2018 £
Other interest receivable	22,815	12,649
	22,815	12,649

PELICAN HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	951,168	953,534
	<u>951,168</u>	<u>953,534</u>
Total current tax	<u>951,168</u>	<u>953,534</u>
Deferred tax		
Origination and reversal of timing differences	12,657	69,492
Total deferred tax	<u>12,657</u>	<u>69,492</u>
Taxation on profit on ordinary activities	<u>963,825</u>	<u>1,023,026</u>

PELICAN HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Taxation (continued)

Factors affecting tax charge for the year

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

	2019 £	2018 £
Profit on ordinary activities before tax	<u>7,081,670</u>	<u>7,311,882</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,345,517	1,389,258
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,289	4,803
Timing difference between depreciation and capital allowances	(1,672)	(89,466)
Short term timing difference leading to an increase (decrease) in taxation	12,657	69,492
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(118)	(6,640)
Patent box deductions	(300,371)	(243,806)
Impairment	1,640	33,939
Group relief surrendered	(98,117)	(134,554)
Total tax charge for the year	<u>963,825</u>	<u>1,023,026</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2019 £	2018 £
Dividends paid on ordinary shares	6,000,000	6,182,000
	<u>6,000,000</u>	<u>6,182,000</u>

PELICAN HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Intangible assets

	Patents not commission ed £	Patents £	Total £
Cost			
At 1 April 2018	17,833	6,405	24,238
Additions	1,900	-	1,900
At 31 March 2019	19,733	6,405	26,138
Amortisation			
At 1 April 2018	-	411	411
Charge for the year	-	641	641
At 31 March 2019	-	1,052	1,052
Net book value			
At 31 March 2019	19,733	5,353	25,086
At 31 March 2018	17,833	5,994	23,827

PELICAN HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £
Cost or valuation					
At 1 April 2018	3,769,603	136,035	11,970,627	449,289	1,958,586
Additions	-	-	46,894	37,690	50,522
Disposals	-	-	(12,820)	-	-
At 31 March 2019	3,769,603	136,035	12,004,701	486,979	2,009,108
Depreciation					
At 1 April 2018	476,556	27,351	6,018,393	419,126	800,577
Charge for the year on owned assets	52,841	13,603	898,909	11,782	164,135
Disposals	-	-	(4,967)	-	-
Impairment charge	-	-	8,631	-	-
At 31 March 2019	529,397	40,954	6,920,966	430,908	964,712
Net book value					
At 31 March 2019	3,240,206	95,081	5,083,735	56,071	1,044,396
At 31 March 2018	3,293,047	108,684	5,952,234	30,163	1,158,009

PELICAN HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. Tangible fixed assets (continued)

	Assets not commissioned £	Total £
Cost or valuation		
At 1 April 2018	-	18,284,140
Additions	167,985	303,091
Disposals	-	(12,820)
At 31 March 2019	167,985	18,574,411
Depreciation		
At 1 April 2018	-	7,742,003
Charge for the year on owned assets	-	1,141,270
Disposals	-	(4,967)
Impairment charge	-	8,631
At 31 March 2019	-	8,886,937
Net book value		
At 31 March 2019	167,985	9,687,474
At 31 March 2018	-	10,542,137

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Freehold	3,240,206	3,293,047
Long leasehold	95,081	108,684
	3,335,287	3,401,731

PELICAN HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Included in land and buildings is freehold land at valuation of £900,000 (2018 - £900,000), which is not depreciated. The buildings at valuation of £800,000 (2018 - £800,000) have been depreciated. The freehold property was independently valued in January 1998 by Cooke & Arkwright, Chartered Surveyors, at £1,700,000. This value had been incorporated in the accounts. The historical cost of the property prior to the revaluation was £1,607,242. The net book value prior to revaluation was £1,470,215.

Up to 31 December 1999 it was the company policy to revalue freehold property. In the year ended 31 December 2000 the company adopted the transitional provisions of FRS15 Tangible Fixed Assets. From 1 January 2001 it is company policy not to revalue fixed assets. The last valuation was in January 1998. On transition to FRS 102, the company has retained the policy not to revalue fixed assets.

14. Stocks

	2019 £	2018 £
Raw materials and consumables	2,698,245	1,491,912
Work in progress (goods to be sold)	411,855	283,481
Finished goods and goods for resale	2,185,123	1,852,986
	<u>5,295,223</u>	<u>3,628,379</u>

15. Debtors

	2019 £	2018 £
Trade debtors	2,421,511	2,205,621
Amounts owed by group undertakings	3,218,579	3,439,377
Other debtors	401	5,956
Prepayments and accrued income	84,690	77,372
	<u>5,725,181</u>	<u>5,728,326</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	4,343,350	3,062,155
	<u>4,343,350</u>	<u>3,062,155</u>

PELICAN HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,631,630	558,121
Amounts owed to group undertakings	756,606	242,530
Corporation tax	386,168	318,534
Other taxation and social security	443,473	334,828
Other creditors	222,024	220,613
Accruals and deferred income	431,577	235,864
	<u>3,871,478</u>	<u>1,910,490</u>

18. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	4,343,350	3,062,155
Financial assets that are debt instruments measured at amortised cost	5,640,491	5,650,954
	<u>9,983,841</u>	<u>8,713,109</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,041,837)</u>	<u>(1,257,128)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by other Group companies.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to other Group companies.

PELICAN HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

19. Deferred taxation

	2019 £	2018 £
At beginning of year	(218,154)	(148,662)
Charged to the profit or loss	(12,657)	(69,492)
At end of year	(230,811)	(218,154)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(230,811)	(218,154)
	(230,811)	(218,154)

20. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
49,200 (2018 - 49,200) Ordinary shares of £1.00 each	49,200	49,200

21. Reserves

Share premium account

This includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Revaluation reserve

Includes revaluation of property in January 1998. The Company adopted the transitional provisions of FRS15 Tangible Fixed Assets in 2000 and it has been Company policy not to revalue fixed assets.

Profit and loss account

Includes all current and prior period retained profits and losses.

PELICAN HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

22. Capital commitments

At 31 March 2019 the Company had no capital commitments (2018 - £Nil).

23. Pension commitments

The Company operates a defined contribution pension scheme in respect of some employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Company and amounted to £103,867 (2018 - £105,294).

24. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Motor vehicle & equipment leasing		
Not later than 1 year	35,849	40,378
Later than 1 year and not later than 5 years	27,216	34,412
	<u>63,065</u>	<u>74,790</u>
	2019 £	2018 £
Land and buildings		
Not later than 1 year	49,750	46,750
Later than 1 year and not later than 5 years	201,850	199,000
Later than 5 years	105,200	157,800
	<u>356,800</u>	<u>403,550</u>

25. Related party transactions

The Company has taken advantage of the exemption provided by FRS 102 not to disclose transactions with other wholly owned Group companies.

26. Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking is Eakin Investments Limited, a company incorporated in the Isle of Man. Eakin Investments Limited is controlled by the trustees of the Eakin Family Trust.