

**Interact Medical Limited**

**Annual report and financial statements  
for the year ended 31 December 2020**

Registered number: 03082906

THURSDAY



\*AAIZVI5L\*

A04

09/12/2021

#206

COMPANIES HOUSE

**Interact Medical Limited**  
**Annual report and financial statements for the year ended 31 December 2020**

<b>Contents</b>	<b>Page</b>
Directors and advisers	1
Strategic report	2
Directors' report	3
Independent auditors' report	6
Profit and loss account	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13

## **Interact Medical Limited**

### **Directors and advisers**

#### **Directors**

Colin Gibbs  
Graham Grant  
Gareth Richards  
Laurence Romeo  
Marty Bettles  
Steven Young  
Daniel Richards  
Richard Moses (Resigned 30<sup>th</sup> September 2021)

#### **Company secretary**

Louis Pothireddy

#### **Registered office**

1a Garforth Place  
Knowlhill  
Milton Keynes  
England  
MK5 8PG

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Donnington Court  
Pegasus Business Park  
Castle Donnington  
East Midlands  
DE74 2UZ

#### **Bankers**

HSBC Bank plc  
63 George Street  
Luton  
Bedfordshire  
LU1 2AR

## **Interact Medical Limited**

### **Strategic report for the year ended 31 December 2020**

The directors present their strategic report of the company for the year ended 31 December 2020.

#### **Principal activities**

The company's principal activity during the year was the provision of recruitment consultancy services to the medical sector.

#### **Business review**

The company is a leading supplier of temporary and permanent medical staffing solutions to both the National Health Service (NHS) and private healthcare sectors.

Turnover rose by 1% compared to the prior year reflecting an increase in demand for medical recruitment services through the national frameworks, VAT efficiency models and vendor management solutions.

#### **Financial highlights**

	2020	2019
Turnover	<b>£52,759,349</b>	£52,252,335
Gross profit	<b>£7,905,617</b>	£8,438,849
Gross profit margin	<b>14.98%</b>	16.15%
Profit for the financial year	<b>£1,254,613</b>	£1,279,735

The directors are not aware at the date of this report of any likely major changes in the company's activities in the forthcoming year.

#### **Key performance indicators (KPIs)**

Given the straightforward nature of the business, the directors are of the opinion that analysis using financial or non-financial KPIs other than as disclosed in the business review above is not necessary for an understanding of the development, performance or position of the business.

#### **Principal risks and uncertainties**

The management of the business and execution of the company's strategy are subject to a number of risks as described in the Directors' report for the year.

Demand for medical services will be dependent on government funding levels to the NHS and the company's ability to source and supply locum doctors on frameworks and vendor solutions.

By order of the board:

*Louis Pothireddy*

Louis Pothireddy  
**Company Secretary**

3 December 2021

## **Interact Medical Limited**

### **Directors' report for the year ended 31 December 2020**

The directors present their report together with the audited financial statements of the company of the year ended 31 December 2020.

#### **Future outlook**

The Board of directors (the 'Board') remains confident that the company is well positioned despite the Covid-19 pandemic to meet the requirement for industry efficiencies whilst maintaining a high quality of care standards.

Participation on the various frameworks, neutral and master vendor arrangements will provide opportunity for growth of core business.

#### **Financial risk management**

The company's operations expose it to a variety of financial risks that include liquidity risk, credit risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Liquidity risk arises from the company's management of working capital and finance charges. Cash flow is managed by way of debt factoring which can provide up to 90% of the value of eligible invoices by the next working day. The debt factoring liability is secured on the trade receivables balance and other assets of the company (note 18).

Credit risk arises from the company's trade receivables. The exposure to the risk is considered to be low due to the large weighting of its customer base towards the NHS. There are no material credit risk concentrations either by customer or customer group.

Interest rate risk arises from the effects of interest rate changes on outstanding debt factor advances. Interest rates are not hedged but are reviewed by management on a regular basis to assess risk.

#### **Results and dividends**

The audited financial statements for the year ended 31 December 2020 are set out on pages 9 to 22. The profit for the financial year was £1,254,613 (2019: £1,279,735). An ordinary dividend of £1,017,628 (2019: £1,415,320) was declared and paid during the year.

#### **Political donations**

There were no political donations made by the company in either the financial year ended 31 December 2020 or 31 December 2019.

#### **Going Concern**

The company meets its day-to-day working capital requirements through its bank facilities. After reviewing the company's forecasts and projections considering the impact of Covid-19, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its annual financial statements.

#### **Directors**

The directors of the company during the year and up to the date of signing the financial statements, unless otherwise stated are as follows:

Colin Gibbs  
Graham Grant  
Gareth Richards  
Laurence Romeo  
Marty Bettles  
Steven Young  
Danial Richards  
Richard Moses (Resigned 30<sup>th</sup> September 2021)

## **Interact Medical Limited**

### **Directors' report for the year ended 31 December 2020 (continued)**

In accordance with the company's Articles of Association, none of its directors are required to retire by rotation.

#### **Employee involvement**

The company recognises that it is essential to maintain a highly skilled workforce. To this end, the policy of training and development is incorporated in the company plan. It is the policy to promote from within the organisation wherever the possibility exists. Health and safety measures are given particular attention by the directors and a written policy exists and is known throughout the company. The company recognises the need for the employees to be informed of the company's activities and performance. Regular meetings are held between management and employees to allow sharing of information and consultation. Employees participate directly in the performance of the business through the company's bonus arrangements.

#### **Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 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.

#### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Interact Medical Limited**  
**Directors' report for the year ended 31 December 2020 (continued)**

**Re-appointment of independent auditors**

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Chartered Accountants and Statutory Auditors, PricewaterhouseCoopers LLP as auditors of the company.

On behalf of the board:

*Marty Bettles*

Marty Bettles

**Director**

3 December 2021

# **Interact Medical Limited**

## **Independent auditors' report to the members of Interact Medical Limited**

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

---

#### **Opinion**

In our opinion, Interact Medical 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 and cash flows 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, Statement of cash flows and 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 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.



## **Interact Medical Limited**

### **Independent auditors' report to the members of Interact Medical Limited (continued)**

---

#### **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 in respect of the financial statement, 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 employment legislation, 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 (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results / position and management bias in accounting estimates or significant judgements. Audit procedures performed by the engagement team included:

- discussions with management in relation to known or suspected instances of non-compliance with laws and regulation and/or fraud;
- review of minutes from board meetings;
- performing an assessment of the areas which involve management judgement (including trade debtor provisions, accruals) to ascertain the accuracy of prior estimates, reliability of data underlying the current year estimate and tested the assumptions and models utilised to generate the position adopted by management;
- performing a risk-based targeted approach to journal entries, in particular any journal entries posted with unusual account combinations that increased reported revenues or posted by unexpected users. A test was also performed to validate the completeness of the data subject to our risk assessment procedures; and
- performing unpredictable audit procedures which change from year to year.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

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

**Interact Medical Limited**  
**Independent auditors' report to the members of Interact Medical Limited**  
**(continued)**

---

**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.



Andrew Dymond (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands

3 December 2021

**Interact Medical Limited** Registered number 03082906**Profit and loss account for the year ended 31 December 2020**

	Note	2020 £	2019 £
<b>Turnover</b>	5	<b>52,759,349</b>	52,252,335
Cost of sales		<b>(44,853,732)</b>	(43,813,486)
Gross profit		<b>7,905,617</b>	8,438,849
Administrative expenses		<b>(6,483,454)</b>	(6,718,622)
Other operating income		<b>268,652</b>	94,824
<b>Operating profit</b>	6	<b>1,690,815</b>	1,815,051
Interest payable and similar expenses	8	<b>(136,207)</b>	(182,502)
<b>Profit before taxation</b>		<b>1,554,608</b>	1,632,549
Tax on profit	9	<b>(299,995)</b>	(352,814)
<b>Profit for the financial year</b>		<b>1,254,613</b>	1,279,735

All amounts relate to continuing operations.

The company has not recognised gains and losses other than those included in the results above and therefore no separate statement of comprehensive income has been presented.

**Interact Medical Limited** Registered number 03082906**Balance sheet as at 31 December 2020**

		2020	2019
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	10	115,938	108,825
Tangible assets	11	139,371	138,786
		<u>255,309</u>	<u>247,611</u>
<b>Current assets</b>			
Debtors	12	8,439,789	10,232,405
Cash at bank and in hand		13,043	10,284
		<u>8,452,832</u>	<u>10,242,689</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(7,688,913)</u>	<u>(9,709,520)</u>
<b>Net current assets</b>		<u>763,919</u>	<u>533,169</u>
<b>Total assets less current liabilities</b>		<u>1,019,228</u>	<u>780,780</u>
<b>Provisions for liabilities</b>	14	<u>(48,509)</u>	<u>(47,046)</u>
<b>Net assets</b>		<u>970,719</u>	<u>733,734</u>
<b>Capital and reserves</b>			
Called up share capital	15	1,000	1,000
Capital redemption reserve		1,000	1,000
Profit and loss account		968,719	731,734
<b>Total shareholders' funds</b>		<u>970,719</u>	<u>733,734</u>

The notes on pages 13 to 23 are an integral part of these financial statements.

The financial statements from pages 9 to 23 were approved by the board of directors on 3 December 2021 and signed on its behalf by:

*Marty Bettles*

Marty Bettles

Director

**Interact Medical Limited** Registered number 03082906**Statement of changes in equity for the year ended 31 December 2020**

	Note	Called up share capital	Capital redemption reserve	Profit and loss account	Total shareholders' funds
		£	£	£	£
Balance as at 1 January 2019		1,000	1,000	867,319	869,319
Profit for the financial year		-	-	1,279,735	1,279,735
Total comprehensive income for the year		-	-	1,279,735	1,279,735
Dividends	15	-	-	(1,415,320)	(1,415,320)
Balance as at 31 December 2019		1,000	1,000	731,734	733,734
Balance as at 1 January 2020	15	1,000	1,000	731,734	733,734
Profit for the financial year		-	-	1,254,613	1,254,613
Total comprehensive income for the year		-	-	1,254,613	1,254,613
Dividends	15	-	-	(1,017,628)	(1,017,628)
Balance as at 31 December 2020		1,000	1,000	968,719	970,719

**Interact Medical Limited** Registered number 03082906**Statement of cash flows for the year ended 31 December 2020**

	Note	2020	2019
		£	£
<b>Net cash from operating activities</b>	17	<b>5,151,116</b>	<b>1,568,421</b>
Taxation paid		(234,094)	(300,186)
<b>Net cash generated from operating activities</b>		<b>4,917,022</b>	<b>1,268,235</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible assets	11	(55,770)	(39,404)
Purchase of intangible assets	10	(42,482)	(81,261)
<b>Net cash used in investing activities</b>		<b>(98,252)</b>	<b>(120,665)</b>
<b>Cash flow from financing activities</b>			
Interest paid	8	(136,207)	(182,502)
Dividends paid	15	(1,017,628)	(1,415,320)
(Decrease)/increase in advance received from bank for debt factoring	13	(3,662,176)	448,659
<b>Net cash used in financing activities</b>		<b>(4,816,011)</b>	<b>(1,149,163)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,759</b>	<b>(1,593)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>10,284</b>	<b>11,877</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>13,043</b>	<b>10,284</b>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		13,043	10,284
<b>Cash and cash equivalents</b>		<b>13,043</b>	<b>10,284</b>

## **Interact Medical Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **1. General information**

Interact Medical Limited (the company) is a private limited company by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 1a Garforth Place, Knowlhill, Milton Keynes, England, MK5 8PG

The principal activity of Interact Medical Limited (the company) during the year was the provision of recruitment consultancy services to both the National Health Service (NHS) and private health sectors.

#### **2. Statement of compliance**

The individual financial statements of Interact Medical Limited 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 Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

##### **(a) Basis of preparation**

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

##### **(b) Going concern**

The company meets its day-to-day working capital requirements through its bank facilities (note 13). After reviewing the company's forecasts and projections considering the impact of Covid-19, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its annual financial statements.

##### **(c) Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has not taken advantage of any available exemption for qualifying entities.

##### **(d) Consolidated financial statements**

These financial statements are the company's separate financial statements.

##### **(e) Foreign currency**

###### **(i) Functional and presentation currency**

The company's functional and presentation currency is pound sterling.

###### **(ii) Transactions and balances**

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

Foreign exchange gains and losses resulting from the settlement of transactions are recognised in the profit and loss account.

**Interact Medical Limited**  
**Notes to the financial statements for the year ended 31 December 2020**  
**(continued)**

**3. Summary of significant accounting policies (continued)**

**(f) Revenue recognition**

Revenue represents the income receivable and accrued (excluding value added tax) in the ordinary course of business for recruitment consultancy services provided. This consists of:

- Revenue from temporary placements which represents amounts billed for the services of temporary staff including the salary cost of these staff. This is recognised when the service has been provided.
- Revenue from direct engagement sales which represents commission only amounts billed for the provision of staff through VAT efficiency models. This is recognised when the service has been provided.
- Revenue for permanent placements is recognised at the date at which the placement commences. Revenue is only recognised once any material contingencies have been resolved.

**(g) Employee benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

**a. Short term benefits**

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

**b. Defined contribution pension plans**

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 when they are due. Amounts not paid are shown as accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**c. Annual bonus plan**

The company operates an annual bonus plan for the employees. An expense is recognised in the profit and loss account when the company has legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

**(h) 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 comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

**a. Current tax**

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

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.



## **Interact Medical Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **(continued)**

#### **3. Summary of significant accounting policies (continued)**

##### **(h) Taxation (continued)**

###### **b. Deferred tax**

Deferred tax arises from timing 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 calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### **(i) Intangible assets**

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of 5 years on a straight line basis.

Where factors, such as technological 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.

##### **(j) Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs are capitalised.

Depreciation of assets is calculated at rates expected to write off the cost, less the estimated residual value of the relevant assets over their estimated economic lives, which are principally as follows:

Fixtures, fittings and equipment are depreciated annually at 25% using the reducing balance method.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

##### **(k) Leased assets**

At inception the company assesses agreements that are transfer the rights to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets:

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

##### **(l) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand.

**Interact Medical Limited**  
**Notes to the financial statements for the year ended 31 December 2020**  
**(continued)**

**3. Summary of significant accounting policies (continued)**

**(m) 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 recognised at transaction price.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans are classified as debt, are recognised at transaction price.

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 at transaction price.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**(n) Provisions and contingencies**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of obligation can be estimated reliably.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events, when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**(o) Share capital**

Ordinary shares are classified as equity.

**(p) Distributions to equity holders**

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which dividends and other distributions are approved by the company's directors. These amounts are recognised in the statement of changes in equity.

## Interact Medical Limited

### Notes to the financial statements for the year ended 31 December 2020

#### (continued)

#### 4. 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. There are no significant accounting estimates and assumptions that will have a material adjustment to the carrying amounts of assets and liabilities.

#### 5. Turnover

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Analysis of turnover

	2020	2019
	£	£
United Kingdom	52,759,349	52,252,335
Republic of Ireland	-	-
	<u>52,759,349</u>	<u>52,252,335</u>

#### 6. Operating profit

Operating profit is stated after charging:

	2020	2019
	£	£
Wages and salaries	3,411,328	3,520,975
Social security costs	315,880	437,722
Other pension costs (note 20)	39,601	39,314
Staff costs	<u>3,766,809</u>	<u>3,998,011</u>

Fees payable to the company's auditors:

- for the audit of the company's annual financial statements	40,000	35,473
- other services relating to taxation and compliance	1,491	26,649
Operating lease rentals – other	346,960	425,793

The other operating income includes £189,632 of furlough grant.

#### 7. Employees and directors

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2020	2019
	Number	Number
Sales	57	61
Administration	14	14
	<u>71</u>	<u>75</u>

**Interact Medical Limited**  
**Notes to the financial statements for the year ended 31 December 2020**  
**(continued)**

**7. Employees and directors (continued)**

**Directors' emoluments**

The directors' emoluments were as follows:

	2020	2019
	£	£
Aggregate emoluments	809,267	897,964
Aggregate value of contributions paid to a defined contribution scheme	2,513	2,513

The company does not accrue or pay any post-employment benefits to any of its directors. Three directors are members of defined contribution pension scheme.

**Highest paid director**

The highest paid director's emoluments were as follows:

	2020	2019
	£	£
Total amount of emoluments	182,582	190,356

**Key management compensation**

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2020	2019
	£	£
Salaries and benefits	809,267	897,964

**8. Interest payable and similar expenses**

	2020	2019
	£	£
Interest paid on invoice debt factoring	122,380	169,953
Bank charges	13,827	12,549
<b>Total interest payable and similar expenses</b>	<b>136,207</b>	<b>182,502</b>

# Interact Medical Limited

## Notes to the financial statements for the year ended 31 December 2020

(continued)

### 9. Tax on profit

#### a) Tax expense included in profit or loss

	2020	2019
	£	£
Current tax:		
UK corporation tax on profits of the year	298,532	331,093
Adjustments in respect of prior years	-	7,971
<b>Total current tax</b>	<b>298,532</b>	<b>339,064</b>
Deferred tax:		
Origination of timing differences	1,463	13,750
<b>Total deferred tax</b>	<b>1,463</b>	<b>13,750</b>
<b>Tax on profit</b>	<b>299,995</b>	<b>352,814</b>

#### b) Reconciliation of tax charge

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

	2020	2019
	£	£
Profit before taxation	1,554,608	1,632,549
Profit before taxation multiplied by the effective rate in the UK of 19% (2019: 19%)	295,375	310,184
Effects of:		
-Expenses not deductible for tax purposes	21,824	17,068
-Adjustments in respect of prior years	-	7,971
-Loans to participants	-	23,130
-Effective tax rate changes	(17,204)	(5,539)
<b>Tax charge for the year</b>	<b>299,995</b>	<b>352,814</b>

#### c) Tax rate changes

The main rate of corporation tax remained at 19% on 1 April 2020. Finance Bill 2020 was amended and set the main rate at 19% for the financial year beginning 1 April 2021. Therefore, any deferred tax assets and liabilities reflect these rates.

At Budget 2021, the government announced that the corporation tax main rate would increase from 19% to 25% effective from 1 April 2023.

**Interact Medical Limited**  
**Notes to the financial statements for the year ended 31 December 2020**  
**(continued)**

**10. Intangible assets**

	<b>Software</b>
	<b>£</b>
<b>At 1 January 2020</b>	
Cost	220,480
Accumulated amortisation and impairment	(111,655)
<b>Net book amount</b>	<b>108,825</b>
<b>Year ended 31 December 2020</b>	
Opening net book amount	108,825
Additions	42,482
Amortisation	(35,369)
<b>Closing net book amount</b>	<b>115,938</b>
<b>At 31 December 2020</b>	
Cost	262,962
Accumulated amortisation and impairment	(147,024)
<b>Net book amount</b>	<b>115,938</b>

**11. Tangible assets**

	<b>Fixtures, fittings and equipment</b>
	<b>£</b>
<b>At 1 January 2020</b>	
Cost	393,564
Accumulated depreciation and impairment	(254,778)
<b>Net book amount</b>	<b>138,786</b>
<b>Year ended 31 December 2020</b>	
Opening net book amount	138,786
Additions	55,770
Disposal	(19,143)
Depreciation	(36,042)
<b>Closing net book amount</b>	<b>139,371</b>
<b>At 31 December 2020</b>	
Cost	430,191
Accumulated depreciation and impairment	(290,820)
<b>Net book amount</b>	<b>139,371</b>

**Interact Medical Limited**  
**Notes to the financial statements for the year ended 31 December 2020**  
**(continued)**

**12. Debtors**

	2020	2019
	£	£
Amount falling due within one year:		
Trade debtors	5,949,831	7,161,356
Other debtors	76,982	118,255
Prepayments and accrued income	2,412,976	2,952,794
	<b>8,439,789</b>	<b>10,232,405</b>

Trade debtors are stated after provision for impairment of £nil (2019: £nil)

**13. Creditors: amounts falling due within one year**

	2020	2019
	£	£
Advances received from bank for debt factoring	1,861,277	5,523,453
Trade creditors	151,925	516,135
Other taxation and social security	3,372,084	1,447,411
Corporation tax	298,531	234,093
Accruals and deferred income	2,005,096	1,988,428
	<b>7,688,913</b>	<b>9,709,520</b>

Advances received from bank for debt factoring is repayable when the associated trade debtor is settled. Amounts are interest bearing at 1.85% over base rate and secured against the assets of the company as set out in note 18.

The company has entered into a debt factoring arrangement with HSBC Invoice Finance (UK) Limited whereby the bank will advance up to 90% (2019: 90%) of the existing and future debts arising from contracts of sale.

Security to the bank is provided under note 18.

The factoring charge in the year, in respect of the above transactions, amounted to £122,380 (2019: £169,953) and is included in interest payable and similar expenses in note 8.

**14. Provisions for liabilities**

	Deferred tax
	£
At 1 January 2020	47,046
Charge to the profit and loss account	1,463
At 31 December 2020	<b>48,509</b>

The provision for deferred tax consists of the following deferred tax liabilities:

	2020	2019
	£	£
Accelerated capital allowances	47,046	47,046
Other timing difference	1,463	-
<b>Total provision</b>	<b>48,509</b>	<b>47,046</b>

**Interact Medical Limited**  
**Notes to the financial statements for the year ended 31 December 2020**  
**(continued)**

**14. Provisions for liabilities (continued)**

There are no unused tax losses or unused tax credits.

**15. Called up share capital**

**'B' Ordinary shares of £0.01 each**

**Allotted and fully paid**

At 1 January and 31 December

**Dividends**

Final dividend of £10.17 (2019: £14.15) per ordinary share

Total dividends paid

	2020	2020
	No.	£
	<b>100,000</b>	<b>1,000</b>
	2020	2019
	£	£
	<b>1,017,628</b>	<b>1,415,320</b>
	<b>1,017,628</b>	<b>1,415,320</b>

**16. Shares held by directors**

	2020	2019
	No.	No.
Colin Gibbs	<b>14,500</b>	14,500
Graham Grant	<b>14,500</b>	14,500
Gareth Richards	<b>16,875</b>	16,875
Laurence Romeo	<b>16,875</b>	16,875
Marty Bettles	<b>16,875</b>	16,875
Steven Young	<b>16,875</b>	16,875

**17. Notes to the statement of cash flows**

	2020	2019
	£	£
<b>Profit for the financial year</b>	<b>1,254,613</b>	1,279,735
Tax on profit	<b>299,995</b>	352,814
Interest payable and similar expenses	<b>136,207</b>	182,502
<b>Operating profit</b>	<b>1,690,815</b>	1,815,051
Amortisation of intangible assets	<b>35,369</b>	17,145
Disposal of tangible fixed assets	<b>19,143</b>	-
Depreciation on tangible fixed assets	<b>36,042</b>	31,317
Working capital movements:		
Decrease/(increase) in trade debtors	<b>1,211,525</b>	(27,535)
Decrease/(increase) in other debtors, prepayments and accrued income	<b>581,091</b>	(1,239,587)
(Decrease)/increase in trade creditors	<b>(364,210)</b>	372,016
Increase in other taxation and social security	<b>1,924,673</b>	374,984
Increase in accruals	<b>16,668</b>	225,030
<b>Cash flow from operating activities</b>	<b>5,151,116</b>	1,568,421



**Interact Medical Limited**  
**Notes to the financial statements for the year ended 31 December 2020**  
**(continued)**

**18. Contingent liabilities**

The company has provided security to HSBC Bank plc by way of a fixed charge over all book and other debts and floating charge over all assets including tangible assets both present and future, plus a charge over contract monies.

The company has provided security to HSBC Invoice Finance (UK) Limited by way of a fixed charge over all book and other debts and floating charge over all assets in respect of debts purchased that fail to vest.

The company has provided a joint and several guarantee and indemnity together with Surgi-Call Locums Limited, HealthTemps Limited and HealthMedix Limited to HSBC Invoice Finance (UK) Limited and HSBC Bank plc for sums due and losses from each other.

**19. Capital and other commitments**

At 31 December, the company had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Payments due:		
Not later than one year	-	192,330
	-	192,330

The company had no capital commitments at the year end (2019: none).

**20. Pension commitments**

The company operates a defined contribution pension scheme in respect of its employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £39,601 (2019: £39,314). The balance outstanding at year end amounted to £7,656 (2019: £6,750).

**21. Related party transactions**

During the year the company provided property rental services to Surgi-Call Locums Limited, a company whose entire share capital is owned by the B ordinary shareholders of Interact Medical Limited. The value of services amounted to £79,020 (2019: £94,824) and was provided at cost to Surgi-Call Locums Limited. The balance owing by the company at the end of the year amounted to £nil (2019: £nil).

During the year the company procured manpower and property rental services from Surgi-Call Locums Limited, a company whose entire share capital is owned by the B ordinary shareholders of Interact Medical Limited. The value of services amounted to £825,844 (2019: £735,623) and was provided at cost from Surgi-Call Locums Limited. The balance owing by the company at the end of the year amounted to £112,493 (2019: £244,978). The cost of these services is included in administrative expenses.

See note 7 for disclosure of the directors' remuneration and key management compensation.

**22. Ultimate controlling party**

As none of the shareholders has a controlling interest in the company, none are deemed to be a controlling party.