

COMPANY REGISTRATION NUMBER: 03096460

PROACT MEDICAL LIMITED

FINANCIAL STATEMENTS

31 August 2021

PROACT MEDICAL LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2021

CONTENTS

	PAGES
Officers and professional advisers	1
Strategic report	2 to 3
Directors' report	4 to 5
Independent auditor's report to the members	6 to 9
Statement of income and retained earnings	10
Statement of financial position	11
Statement of cash flows	12
Notes to the financial statements	13 to 22

PROACT MEDICAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

Mr N Manners

Mr C A Lawes

Mr K Cross

Mr P Sharman

Mr J A Loasby

COMPANY SECRETARY

Mrs T A Manners

REGISTERED OFFICE

9-13 Oakley Hay Lodge

Great Folds Road

Corby

Northamptonshire

NN18 9AS

AUDITOR

Meadows & Co Limited

Chartered Accountants & statutory auditor

Headlands House

1 Kings Court

Kettering Parkway

Kettering

NN15 6WJ

PROACT MEDICAL LIMITED

STRATEGIC REPORT

YEAR ENDED 31 AUGUST 2021

PRINCIPAL ACTIVITY AND BUSINESS REVIEW The directors acknowledge that trading has been unpredictable during this accounting year and that the impact of the coronavirus pandemic has continued to make aspects of the business difficult to undertake. Despite this, the directors are satisfied with the performance of the company, details of which are set out on page 10, with the details of sales by geographical location and employees being set out in notes 4 and 7 respectively.

PRINCIPAL RISKS AND UNCERTAINTIES The company operates in a highly competitive sector, the key risks and uncertainties being competition from other suppliers, retention of the customer base, foreign exchange rates, manufacturing and import costs. Customer retention has been high but competition has restricted the company's ability to increase selling prices in line with increased foreign exchange, manufacturing and import costs. The small reduction in turnover this year is due to a spike in the turnover in the prior year at the start of the pandemic, rather than a reduction in core business. The company's principal assets are stock, bank balances and trade debtors. Whilst the directors maintain vigilant controls over the stock holding, the nature of bulk importing sometimes results in out-of-date lines. As much of the debtor book is with public sector bodies the credit risk is small. Private sector and international customers are regularly risk assessed and credit limits adjusted accordingly. The amounts represented in the balance sheet are net of provisions for stock obsolescence and doubtful debtors.

KEY PERFORMANCE INDICATORS The directors consider gross profit and gross margin to be the key performance measures for the company. Gross profit for the year was £4.1m (2020 - £4.6m). Gross margin for the year was 39.1% (2020 - 40.3%) Whilst both indicators show a reduction from the previous year this is a reflection of the unusually good performance in 2020 rather than poor performance in 2021.

FUTURE DEVELOPMENTS AND OUTLOOK The company has invested heavily in achieving certification for the requirements of ISO 13485 and MDR compliance and considers this investment crucial for the future success of the company. The directors are constantly seeking new opportunities to improve and expand its core range of products, as well as bringing new, innovative products to the market place and are of the opinion that the company has a solid financial foundation that will enable it to react quickly when opportunities arise.

This report was approved by the board of directors on 26 May 2022 and signed on behalf of the board by:

Mr N Manners

Director

Registered office:

9-13 Oakley Hay Lodge

Great Folds Road

Corby

Northamptonshire

NN18 9AS

PROACT MEDICAL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 AUGUST 2021

The directors present their report and the financial statements of the company for the year ended 31 August 2021 .

DIRECTORS

The directors who served the company during the year were as follows:

Mr N Manners

Mr C A Lawes

Mr K Cross

Mr P Sharman

Mr J A Loasby

DIVIDENDS

Particulars of recommended dividends are detailed in note 11 to the financial statements.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the profit or loss of the company for that period. In preparing these financial statements, the directors are required to: - select suitable accounting policies and then apply them consistently; - make judgments and accounting estimates that are reasonable and prudent; - 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 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. AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 26 May 2022 and signed on behalf of the board by:

Mr N Manners

Director

Registered office:

9-13 Oakley Hay Lodge

Great Folds Road

Corby

Northamptonshire

NN18 9AS

PROACT MEDICAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROACT MEDICAL LIMITED

YEAR ENDED 31 AUGUST 2021

OPINION

We have audited the financial statements of Proact Medical Limited (the 'company') for the year ended 31 August 2021 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows 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 FRS 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 August 2021 and of its profit for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - 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 auditor's 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 UK, including the FRC'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

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.

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.

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

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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.

OPINIONS 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, 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.

AUDITOR'S 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 auditor's 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: We have undertaken high level reviews of the results and position of the company for the year in question, and have considered the effects of the industry and wider economy on the company. We have made enquiries of management regarding the company's own risk assessment procedures and any identified irregularities, including fraud, identified in the year. We have used our knowledge and understanding of the company's business, including the remuneration of key management personnel, to assess how and where irregularities, including fraud, might arise and we have planned our testing using a risk based approach. We have considered the potential for irregularities, including fraud, in all our testing but have also carried out specific testing to comply with the ISA (UK) requirements regarding management override of controls. As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 auditor's 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.

David Kelland FCA

(Senior Statutory Auditor)

For and on behalf of

Meadows & Co Limited

Chartered Accountants & statutory auditor

Headlands House

1 Kings Court

Kettering Parkway

Kettering

NN15 6WJ

26 May 2022

PROACT MEDICAL LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 31 AUGUST 2021

		2021	2020
	Note	£	£
TURNOVER	4	10,521,499	11,300,013
Cost of sales		6,410,980	6,749,649
		-----	-----
GROSS PROFIT		4,110,519	4,550,364
Administrative expenses		2,037,084	1,836,737
Other operating income	5	78,291	85,656
		-----	-----
OPERATING PROFIT	6	2,151,726	2,799,283
Other interest receivable and similar income	9	975	(396)
		-----	-----
PROFIT BEFORE TAXATION		2,152,701	2,798,887
Tax on profit	10	390,256	531,943
		-----	-----
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		1,762,445	2,266,944
		-----	-----
Dividends paid and payable	11	(774,960)	(534,960)
RETAINED EARNINGS AT THE START OF THE YEAR		5,642,712	3,910,728
		-----	-----
RETAINED EARNINGS AT THE END OF THE YEAR		6,630,197	5,642,712
		-----	-----

All the activities of the company are from continuing operations.

PROACT MEDICAL LIMITED**STATEMENT OF FINANCIAL POSITION****31 August 2021**

		2021		2020	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	12		6,458		6,458
Tangible assets	13		46,557		35,585
			-----		-----
			53,015		42,043
CURRENT ASSETS					
Stocks	14	2,586,666		2,195,167	
Debtors	15	2,457,830		2,318,468	
Cash at bank and in hand		2,409,885		2,576,823	
		-----		-----	
		7,454,381		7,090,458	
CREDITORS: amounts falling due within one year	16	868,252		1,482,927	
		-----		-----	
NET CURRENT ASSETS			6,586,129		5,607,531
TOTAL ASSETS LESS CURRENT LIABILITIES			-----		-----
			6,639,144		5,649,574
PROVISIONS	17		8,847		6,762
			-----		-----
NET ASSETS			6,630,297		5,642,812
			-----		-----
CAPITAL AND RESERVES					
Called up share capital fully paid	21		100		100
Profit and loss account			6,630,197		5,642,712
			-----		-----
SHAREHOLDERS FUNDS			6,630,297		5,642,812
			-----		-----

These financial statements were approved by the board of directors and authorised for issue on 26 May 2022 , and are signed on behalf of the board by:

Mr N Manners

Director

Company registration number: 03096460

PROACT MEDICAL LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 AUGUST 2021

	2021	2020
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	1,762,445	2,266,944
<i>Adjustments for:</i>		
Depreciation of tangible assets	12,996	9,565
Government grant income	(78,291)	(85,656)
Other interest receivable and similar income	(975)	396
Loss on disposal of tangible assets	655	282
Tax on profit	390,256	531,943
Accrued (income)/expenses	(48,491)	31,365
<i>Changes in:</i>		
Stocks	(391,499)	819,041
Trade and other debtors	(139,362)	(378,069)
Trade and other creditors	(423,353)	(7,395)
	-----	-----
Cash generated from operations	1,084,381	3,188,416
Interest received	975	(396)
Tax paid	(531,002)	(329,745)
	-----	-----
Net cash from operating activities	554,354	2,858,275
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(24,622)	(12,370)
Proceeds from sale of tangible assets	(1)	—
	-----	-----
Net cash used in investing activities	(24,623)	(12,370)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Government grant income	78,291	85,656
Dividends paid	(774,960)	(534,960)
	-----	-----
Net cash used in financing activities	(696,669)	(449,304)
	-----	-----
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(166,938)	2,396,601
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,576,823	180,222
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,409,885	2,576,823
	-----	-----

PROACT MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2021

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 9-13 Oakley Hay Lodge, Great Folds Road, Corby, Northamptonshire, NN18 9AS.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using 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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Research and development

Research expenditure is written off in the period in which it is incurred. Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met: - It is technically feasible to complete the intangible asset so that it will be available for use or sale; - There is the intention to complete the intangible asset and use or sell it; - There is the ability to use or sell the intangible asset; - The use or sale of the intangible asset will generate probable future economic benefits; - There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and - The expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure that does not meet the above criteria is expensed as incurred.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Computer Equipment	-	25% reducing balance
Fixtures, Fittings & Plant	-	25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Government grants

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Basic financial instruments are recognised at amortised cost, except for investments in non-convertible preference and non-puttable ordinary shares which are measured at fair value, with changes recognised in profit and loss. Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit and loss.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. TURNOVER

Turnover arises from:

	2021	2020
	£	£
Sale of goods	10,521,499	11,300,013
	-----	-----

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2021	2020
	£	£
United Kingdom	7,942,706	9,649,492
Overseas	2,578,793	1,650,521
	-----	-----
	10,521,499	11,300,013
	-----	-----

5. OTHER OPERATING INCOME

	2021	2020
	£	£
Government grant income	78,291	85,656
	-----	-----

6. OPERATING PROFIT

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Depreciation of tangible assets	12,996	9,565
Loss on disposal of tangible assets	655	282
Impairment of trade debtors	1,915	(1,842)
	-----	-----

7. STAFF COSTS

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Distribution staff	7	7
Administrative staff	33	35
Management staff	6	6
	-----	-----
	46	48
	-----	-----

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	1,059,689	1,138,304
Social security costs	111,768	119,389
Other pension costs	240,622	42,228
	-----	-----
	1,412,079	1,299,921
	-----	-----

8. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	91,777	87,366
Company contributions to defined contribution pension plans	164,462	2,400
	-----	-----
	256,239	89,766
	-----	-----

9. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£	£
Interest on cash and cash equivalents	391	442
Interest receivable - desc in a/cs	584	(838)
	-----	-----
	975	(396)
	-----	-----

10. TAX ON PROFIT

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense	406,781	531,463
Adjustments in respect of prior periods	(18,610)	—
	-----	-----
Total current tax	388,171	531,463
	-----	-----

Deferred tax:

Origination and reversal of timing differences	2,085	480
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Tax on profit	390,256	531,943
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Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19 % (2020: 19 %).

	2021 £	2020 £
Profit on ordinary activities before taxation	2,152,701	2,798,887
Profit on ordinary activities by rate of tax	409,013	531,789
Adjustment to tax charge in respect of prior periods	(18,610)	—
Effect of expenses not deductible for tax purposes	48	148
Effect of capital allowances and depreciation	(195)	(53)
Rounding on tax charge	—	59
Tax on profit	390,256	531,943

11. DIVIDENDS

	2021 £	2020 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	774,960	534,960

12. INTANGIBLE ASSETS

	Goodwill £	Development costs £	Total £
Cost			
At 1 September 2020 and 31 August 2021	40,000	6,458	46,458
Amortisation			
At 1 September 2020 and 31 August 2021	40,000	—	40,000
Carrying amount			
At 31 August 2021	—	6,458	6,458
At 31 August 2020	—	6,458	6,458

13. TANGIBLE ASSETS

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 September 2020	69,465	112,338	181,803
Additions	9,127	15,495	24,622
Disposals	(6,610)	(4,380)	(10,990)
	-----	-----	-----
At 31 August 2021	71,982	123,453	195,435
	-----	-----	-----
Depreciation			
At 1 September 2020	47,901	98,317	146,218
Charge for the year	6,719	6,277	12,996
Disposals	(6,025)	(4,311)	(10,336)
	-----	-----	-----
At 31 August 2021	48,595	100,283	148,878
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Carrying amount			
At 31 August 2021	23,387	23,170	46,557
	-----	-----	-----
At 31 August 2020	21,564	14,021	35,585
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14. STOCKS

	2021 £	2020 £
Raw materials and consumables	2,586,666	2,195,167
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15. DEBTORS

	2021 £	2020 £
Trade debtors	1,776,154	1,722,458
Prepayments and accrued income	45,639	49,393
Other debtors	636,037	546,617
	-----	-----
	2,457,830	2,318,468
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The debtors above include the following amounts falling due after more than one year:

	2021 £	2020 £
Other debtors	—	225,000
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16. CREDITORS: amounts falling due within one year

	2021 £	2020 £
Trade creditors	409,123	616,940
Accruals and deferred income	54,684	103,175
Corporation tax	117,989	260,820
Social security and other taxes	83,423	243,837
Other creditors	203,033	258,155
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	868,252	1,482,927
	-----	-----

17. PROVISIONS

	Deferred tax (note 18) £
At 1 September 2020	6,762
Additions	2,085
At 31 August 2021	8,847

18. DEFERRED TAX

The deferred tax included in the statement of financial position is as follows:

	2021 £	2020 £
Included in provisions (note 17)	8,847	6,762

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021 £	2020 £
Accelerated capital allowances	8,847	6,762

19. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £ 76,160 (2020: £ 39,828).

20. GOVERNMENT GRANTS

The amounts recognised in the financial statements for government grants are as follows:

	2021 £	2020 £
Recognised in other operating income:		
Government grants recognised directly in income	78,291	85,656

21. CALLED UP SHARE CAPITAL FULLY PAID**Issued, called up and fully paid**

	2021		2020	
	No.	£	No.	£
Ordinary 'A' shares of £ 1 each	60	60	60	60
Ordinary 'B' shares of £ 1 each	25	25	25	25
Ordinary 'C' shares of £ 1 each	10	10	10	10
Ordinary 'D' shares of £ 1 each	5	5	5	5
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	100	100	100	100
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22. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Sep 2020	Cash flows	At 31 Aug 2021
	£	£	£
Cash at bank and in hand	2,576,823	(166,938)	2,409,885
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23. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Later than 1 year and not later than 5 years	27,363	50,240
Later than 5 years	418,174	350,281
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	445,537	400,521
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The above commitment includes an average annual rental of £82,264 in respect of the lease of land and buildings, which is due to expire on 1 October 2026.

PROACT MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2021

24. RELATED PARTY TRANSACTIONS

The directors have advanced funds to the company. At the year end the amount owed by the company was £190,549 (2020 £251,292). During the year to 31 August 2021 the company had transactions with a company under common control. At the balance sheet date the company under common control owed £406,037 (2020 £315,421). There are no Key Management Personnel other than the directors, the remuneration of the directors is disclosed elsewhere in these financial statements.

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