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## MEDLINE INDUSTRIES LIMITED

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### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

TUESDAY



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COMPANIES HOUSE

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**MEDLINE INDUSTRIES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Mr J Abrams Mrs H Lienard Miss C Martin-Hondarza Sobrino
<b>Company secretary</b>	Mr J Abrams
<b>Registered number</b>	03238147
<b>Registered office</b>	3rd Floor Quayside Wilderpsool Business Park Greenalls Avenue Warrington WA4 6HL
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
<b>Bankers</b>	Deutsche Bank AG London 1 Great Winchester Street London EC2N 2DB
<b>Solicitors</b>	Dundas & Wilson LLP Northwest Wing Bush House Aldwych London WC2B 4EZ

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**MEDLINE INDUSTRIES LIMITED**

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## MEDLINE INDUSTRIES LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Introduction

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

#### Business review

The company's principal activity during the year continued to be the sale of Medical devices to both public and private sectors, the main product lines are:

- Proxima;
- Special Procedure Trays;
- Surgeon Gloves;
- Examination Gloves; and
- Products provided for Operating Rooms.

#### Financial key performance indicators

The company's key financial and other performance indicators during the year were as follows: -

	2020 £	2019 £
Turnover	197,198,825	26,951,988
Gross profit	8,616,814	5,113,008
Operating profit	3,441,285	737,873
Profit after tax	3,010,992	723,907
Shareholders' funds	6,832,813	3,822,197

Turnover, Gross Profit and Operating Profit have increased substantially during the year due to an increase in supply of Covid products throughout the pandemic. The increase in turnover has been partially offset by an increase in cost of sales, as manufacturing costs across the Group have increased in line with the supply of Covid products.

Shareholder's Funds increased by 79% during the year as a result of the profit for the year.

The directors intend that in 2021, whilst the demand seen throughout 2020 is likely to reduce, margins will be maintained.

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## MEDLINE INDUSTRIES LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Principal risks and uncertainties

The company's operations expose it to a variety of financial and other risks:

##### Commercial risk

The company faces intense competition on both pricing and market share:

- Due to the centralisation of purchasing organisation fewer supplier contracts are up for negotiation.
- Product competition in all company markets.
- Governments pushing for reduction on spend in healthcare costs.

##### Liquidity risk

The company's objective is to maintain an appropriate level of funding to support current operations. The cash flow is adequate to sustain operations in the short term. In addition, the company's ultimate parent is committed to providing funding that may be required by the company to continue operations and take advantage of future growth opportunities.

##### Organisational and regulatory risks

The inventory process within the Medline group has been improved to ensure a good service level, with a reasonable level of inventory; this was even further optimised in 2020. Since we are expected to deliver our products within a very short period of time, product availability is essential.

Quality and regulatory risks related to our products are always there for this reason the group are investing in more stock counts to check the quality of our products at the source.

##### Currency risk

The company has limited exposure to currency risk, sales are invoiced in Sterling and the majority of direct costs are incurred in GBP, therefore, whilst we do have some costs incurred in Euros, the company is not exposed to significant exchange variances between sterling and Euros.

Management continues to monitor the exposure of the company. The risk mitigated by customers and potentially purchases are made from another subsidiary of the Medline group and therefore management have some flexibility of the timing of payments.

##### Credit risk

There is a risk of loss to the company arising from financial difficulties experienced by customers and potentially the failure of customers to meet their financial obligations. The company manages this risk through credit control procedures. A significant part of the company's customer base is Government bodies such as the NHS, and therefore the risk of default is reduced. As such, management considers this risk is reduced to an acceptable level.

##### Price risk

Medline Industries is not exposed to any significant price risk as the company is covered by the terms and security of the transfer pricing agreement in place with the group.

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**MEDLINE INDUSTRIES LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Post balance sheet events**

We expect the 2021 turnover and result to be lower than 2020. This is mainly expected as Medline had significant volumes of Covid-19 related sales in 2020. We expect this to continue in to early 2021, however on a total year these sales will be less, but still significantly higher when compared to the pre-Covid period. We do not expect the company itself to make significant investments in the coming year. Due to the growth of the company, the number of employees has increased year on year and we are experiencing a similar trend for 2021. Currently, it is not expected that the financial structure will change in 2021.

There are no further post balance sheet events.

This report was approved by the board on 25/5/2021 and signed on its behalf.

*Helene Lienard*

**Mrs H Lienard**  
Director

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**MEDLINE INDUSTRIES LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

**Principal activity**

The principal activity of the company is the distribution of medical products.

**Results and dividends**

The profit for the year, after taxation, amounted to £3,010,616 (2019 - £723,907).

No dividend was recommended at 31 December 2020 (2019: £Nil).

**Directors**

The directors who served during the year were:

Mr J Abrams  
Mrs H Lienard  
Miss C Martin-Hondarza Sobrino

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**MEDLINE INDUSTRIES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and 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 judgements 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that:

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

**Future developments**

We expect the 2021 turnover and result to be lower than 2020. This is mainly expected as Medline had significant volumes of Covid-19 related sales in 2020. We expect this to continue in to early 2021, however on a total year these sales will be less, but still significantly higher when compared to the pre-Covid period. We do not expect the company itself to make significant investments in the coming year. Due to the growth of the company, the number of employees has increased year on year and we are experiencing a similar trend for 2021.

Our overall cost structure will not change substantially. In all our markets we are currently investing in warehouse capacity, assembly sites and offices.

As all direct costs are invoiced to us in GBP the currency risk does not lie with the company and the group absorb the impact of exchange rate variance.

**Going concern**

The company's business activities, together with the factors likely to affect its future development and principal risks and uncertainties are described in the strategic report.



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**MEDLINE INDUSTRIES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The company operates within both the public and private healthcare systems and despite significant pricing pressures we have seen substantial growth across a number of product segments. Overall due to the nature of the products which we supply we continued to see demand in 2020 and expect to generate positive cash flows and profits during 2021 and beyond.

Our customers tend to be either large private groups or NHS trusts and we have seen negligible credit risk during the last 12 months.

Whilst not required for cash flow purposes, the company has full operational support of its ultimate parent undertaking.

The directors have reassessed the company's forecasts for at least 12 months from the date of this report and considered the resources of Medline Industries and the ongoing impact of Covid-19. In preparing those forecasts, the directors have considered the impact of the coronavirus pandemic and have been able to demonstrate that the company will continue to retain sufficient cash to operate for the foreseeable future.

For these reasons the Directors' have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis in preparing the financial statements.

**Qualifying third party indemnity provisions**

The company granted an indemnity to one or more directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors report.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25/5/2021 and signed on its behalf.

*Helene Lienard*

**Mrs H Lienard**  
Director

*Marini Martin-Hondarza*

**Miss C Martin-Hondarza Sobrino**  
Director



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDLINE INDUSTRIES LIMITED

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### Opinion

We have audited the financial statements of Medline Industries Limited (the 'company') for the year ended 31 December 2020, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 December 2020 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 '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



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDLINE INDUSTRIES LIMITED (CONTINUED)

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### Conclusions relating to going concern

We are responsible for concluding 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### 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 Auditor's 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 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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDLINE INDUSTRIES LIMITED (CONTINUED)**

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### **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.

### **Matter on which we are required to report under the Companies Act 2006**

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.

### **Matters on which we are required to report by exception**

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 for the financial statements**

As explained more fully in the Directors' responsibilities statement set out on page 5, 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.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDLINE INDUSTRIES LIMITED (CONTINUED)

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### 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.

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

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the company, and the industry in which it operates. We determined the Companies Act 2006 to be the most significant laws and regulations to the entity. We enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries to supporting documentation. From the procedures performed we did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - *evaluation of the processes and controls established to address the risks related to irregularities and fraud;*
  - *testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;*
  - *identifying and testing related party transactions.*
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client operates in and understanding of, and practical experience through training and participation with audit engagements of a similar nature;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - *the company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement and*
  - *the company's control environment including the adequacy of procedures for authorisation of transactions.*

### 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.



**Grant Thornton**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDLINE INDUSTRIES LIMITED  
(CONTINUED)**

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*Grant Thornton UK LLP*

Michael Lowe  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester  
Date: 27/5/2021

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**MEDLINE INDUSTRIES LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Note	2020 £	2019 £
Turnover	4	197,198,825	26,951,988
Cost of sales		(188,582,387)	(21,838,980)
<b>Gross profit</b>		<b>8,616,438</b>	<b>5,113,008</b>
Distribution costs		(1,899,204)	(1,997,963)
Administrative expenses		(3,276,325)	(2,377,172)
<b>Operating profit</b>	5	<b>3,440,909</b>	<b>737,873</b>
Interest receivable and similar income	8	412	-
Interest payable and similar charges	9	(4,380)	-
<b>Profit before tax</b>		<b>3,436,941</b>	<b>737,873</b>
Tax on profit	10	(426,325)	(13,966)
<b>Profit and total comprehensive income for the financial year</b>		<b>3,010,616</b>	<b>723,907</b>

The notes on pages 15 to 27 form part of these financial statements.

**MEDLINE INDUSTRIES LIMITED**  
**REGISTERED NUMBER:03238147**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	11	157,565	178,749
		<u>157,565</u>	<u>178,749</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	32,294,423	4,015,353
Cash at bank and in hand	13	5,627,089	2,938,378
		<u>37,921,512</u>	<u>6,953,731</u>
Creditors: amounts falling due within one year	14	(31,246,264)	(3,310,283)
<b>Net current assets</b>		<u>6,675,248</u>	<u>3,643,448</u>
<b>Total assets less current liabilities</b>		<u>6,832,813</u>	<u>3,822,197</u>
<b>Net assets</b>		<u><u>6,832,813</u></u>	<u><u>3,822,197</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	2	2
Profit and loss account	17	6,832,811	3,822,195
		<u>6,832,813</u>	<u>3,822,197</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25/5/2021

*Helene Lienard*

**Mrs H Lienard**  
Director

*Marivi Martin-Hondarza*

**Miss C Martin-Hondarza Sobrino**  
Director

The notes on pages 15 to 27 form part of these financial statements.



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**MEDLINE INDUSTRIES LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2020	2	3,822,195	3,822,197
Profit for the year	-	3,010,616	3,010,616
<b>At 31 December 2020</b>	<b>2</b>	<b>6,832,811</b>	<b>6,832,813</b>

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


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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2019	2	3,098,288	3,098,290
Profit for the year	-	723,907	723,907
<b>At 31 December 2019</b>	<b>2</b>	<b>3,822,195</b>	<b>3,822,197</b>

The notes on pages 15 to 27 form part of these financial statements.

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## MEDLINE INDUSTRIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1. General information

Medline Industries Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 3rd Floor, Quayside Wilderpspool Business Park, Greenalls Avenue, Warrington, WA4 6HL.

#### 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 UK 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 judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Medline Bermuda L.P as at 31 December 2020 and these financial statements are publicly available.

##### 2.3 Going concern

The company's business activities, together with the factors likely to affect its future development and principal risks and uncertainties are described in the strategic report.

The company operates within both the public and private healthcare systems and despite significant pricing pressures we have seen substantial growth across a number of product segments. Overall due to the nature of the products which we supply we continued to see demand in 2020 and expect to generate positive cash flows and profits during 2021 and beyond.

Our customers tend to be either large private groups or NHS trusts and we have seen negligible credit risk during the last 12 months.

Whilst not required for cash flow purposes, the company has full operational support of its ultimate parent undertaking.

The directors have reassessed the company's forecasts for at least 12 months from the date of this report and considered the resources of Medline Industries and the ongoing impact of Covid-19. In

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**MEDLINE INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.3 Going concern (continued)**

preparing those forecasts, the directors have considered the impact of the coronavirus pandemic and have been able to demonstrate that the company will continue to retain sufficient cash to operate for the foreseeable future.

For these reasons the Directors' have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis in preparing the financial statements.

**2.4 Revenue**

Revenue comprises sales recognised by the company in respect of goods supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recorded upon acceptance of goods by customers, net of allowance for estimated returns.

**2.5 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

The estimated useful lives range as follows:

Leasehold property improvements	-	10 years
Motor vehicles	-	4 years
Office equipment	-	5 years
Computer equipment	-	3-5 years

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

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

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**MEDLINE INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.6 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to profit or loss 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.

**2.7 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.

**2.8 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.

**2.9 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 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. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

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**MEDLINE INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.10 Creditors**

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

**2.11 Foreign currency translation****Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

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 Statement of comprehensive income.

**2.12 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.13 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

**2.14 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

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**MEDLINE INDUSTRIES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**2. Accounting policies (continued)****2.15 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense 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 reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing difference that have originated but not reversed by the Statement of financial position 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.

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

Preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the directors believe that the critical accounting policies where judgements or estimates are necessarily applied are summarised below:

- Bad debt provisions - estimation is required in respect of expected future cash flows to assess the recoverable amount

**4. Turnover**

All turnover in both the current and prior period arose from the sale of goods within the United Kingdom.

**5. Operating profit**

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	21,184	21,187
Exchange differences	348	(1,111)
Other operating lease rentals	103,623	91,920
	<u>103,623</u>	<u>91,920</u>

During the year, no director received any emoluments from the company (2019: £Nil).

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**MEDLINE INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**6. Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<b>23,100</b>	<b>22,500</b>

**7. Employees**

Staff costs were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>3,420,876</b>	<b>2,494,729</b>
Social security costs	<b>442,587</b>	<b>275,660</b>
Cost of defined contribution scheme	<b>52,869</b>	<b>48,605</b>
	<b>3,916,332</b>	<b>2,818,994</b>

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Directors	<b>3</b>	<b>3</b>
Administration & finance	<b>13</b>	<b>13</b>
Sales & marketing	<b>27</b>	<b>26</b>
	<b>43</b>	<b>42</b>

**8. Interest receivable**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<b>412</b>	<b>-</b>

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**MEDLINE INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**9. Interest payable and similar charges**

	2020 £	2019 £
Interest on loans from group undertakings	4,380	-

**10. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	422,988	(352)
<b>Total current tax</b>	422,988	(352)
<b>Deferred tax</b>		
Origination and reversal of timing differences	11,564	14,502
Changes to tax rates	(8,227)	(184)
<b>Total deferred tax</b>	3,337	14,318
<b>Taxation on profit on ordinary activities</b>	426,325	13,966



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**MEDLINE INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (*2019 - lower than*) the standard rate of corporation tax in the UK of 19% (*2019 - 19%*). The differences are explained below:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b>3,436,941</b>	<b>737,873</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% ( <i>2019: 19%</i> )	<b>653,085</b>	<b>140,196</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>2,323</b>	<b>1,372</b>
Adjustments to tax charge in respect of prior periods	<b>(113)</b>	<b>12,394</b>
Tax rate changes	<b>(8,115)</b>	<b>(184)</b>
Group relief	<b>(220,855)</b>	<b>(139,812)</b>
<b>Total tax charge for the year</b>	<b>426,325</b>	<b>13,966</b>

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**MEDLINE INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**10. Taxation (continued)**

**Factors that may affect future tax charges**

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

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**MEDLINE INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**11. Tangible fixed assets**

	Leasehold Property Improvements £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	307,070	96,577	86,267	489,914
At 31 December 2020	<u>307,070</u>	<u>96,577</u>	<u>86,267</u>	<u>489,914</u>
<b>Depreciation</b>				
At 1 January 2020	188,326	39,157	83,682	311,165
Charge for the year on owned assets	13,815	6,572	797	21,184
At 31 December 2020	<u>202,141</u>	<u>45,729</u>	<u>84,479</u>	<u>332,349</u>
<b>Net book value</b>				
At 31 December 2020	<u>104,929</u>	<u>50,848</u>	<u>1,788</u>	<u>157,565</u>
At 31 December 2019	<u>118,744</u>	<u>57,420</u>	<u>2,585</u>	<u>178,749</u>

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**MEDLINE INDUSTRIES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**12. Debtors**

	2020 £	2019 £
Trade debtors	31,914,562	3,683,216
Amounts owed by group undertakings	39,035	32,276
Other debtors	226,075	176,180
Prepayments and accrued income	49,228	54,821
Deferred taxation	65,523	68,860
	<u>32,294,423</u>	<u>4,015,353</u>

An impairment loss of £50,728 (2019: £78,038) was recognised against trade debtors.

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

**13. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	<u>5,627,089</u>	<u>2,938,378</u>

**14. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	8,062	8,700
Amounts owed to group undertakings	29,433,469	2,545,097
Other taxation and social security	428,635	92,021
Accruals and deferred income	1,376,098	664,465
	<u>31,246,264</u>	<u>3,310,283</u>

Amounts owed to group undertakings of £29,433,469 (2019: £2,545,097) relate to trading transactions and are unsecured, repayable on demand and interest free.

**MEDLINE INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. Deferred taxation**

	2020 £	2019 £
At beginning of year	68,860	83,178
Charged to profit or loss	(3,337)	(14,318)
<b>At end of year</b>	<b>65,523</b>	<b>68,860</b>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	22,743	25,983
Tax losses carried forward	9,638	29,611
Short term timing differences - trading	33,142	13,266
	<b>65,523</b>	<b>68,860</b>

**16. Share capital**

	2020 £	2019 £
Shares classified as equity:		
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<b>2</b>	<b>2</b>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

**17. Reserves**

**Profit and loss account**

Includes all current and prior period retained profits and losses.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**18. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administrated fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £52,869 (2019: £48,605). Contributions totaling £Nil (2019: £Nil) were payable to the fund at the balance sheet date.

**19. Commitments under operating leases**

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	74,894	74,894
Later than 1 year and not later than 5 years	299,574	299,574
Later than 5 years	193,475	268,369
	<u>567,943</u>	<u>642,837</u>

**20. Related party transactions**

The company has taken advantage of the exemption in paragraph 33.1A of FRS 102 and has not disclosed transactions with wholly-owned group undertakings.

**21. Controlling party**

The immediate parent undertaking is Medline Stellar UK Limited (Formerly Medline Services UK Limited), a company registered in England and Wales. The financial statements can be obtained from Companies House.

The ultimate parent undertaking and controlling party is Medline Bermuda L.P, a company registered in the United States of America. The financial statements of the ultimate parent are publicly available.