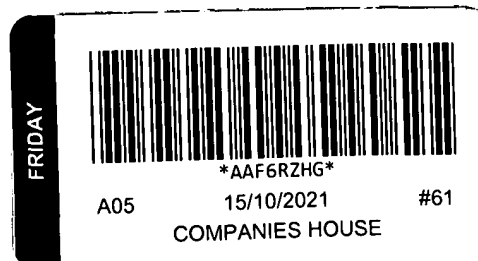


Registered number: 03459373

ACUMED LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



COMPANY INFORMATION

Directors	S Wolfington N A Hyndman (resigned 29 January 2021) N P Ryder N T Siddiqui
Registered number	03459373
Registered office	Huebner House The Fairground Weyhill Andover Hampshire SP11 0QN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building Colmore Circus Birmingham B4 6AT
Solicitors	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12 - 25

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their Strategic report on the company for the year ended 31 December 2020.

Business review

The directors recognise that the NHS has continued with the policy of large cuts in spending and procurement, this, coupled with strong competitors in the marketplace and necessary investment in our team members and facilities, is increasing the pressure on pricing and margin. A continued program of investment in new products specifically tailored to the end user's needs, inventory management and further efficiencies throughout the organisation will enable us to grow in our market sector.

Principal risks and uncertainties

The company uses various financial instruments, these include intra group balances, cash and various other items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to finance the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The main risks arising from the company's financial instruments are cash flow, credit and currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Cash flow risk

The company has sufficient cash resources and manages its cash flow risk by the use of intra-group balances.

Credit risk

The company seeks to manage credit risk by only selling to reputable and credit worthy customers. New customers have background and credit references checked. Existing customers have their credit limits reviewed on a quarterly basis.

Currency risk

The company has a level of exposure on purchases from its ultimate parent company, denominated in US Dollars.

Financial key performance indicators

The company monitors performance by reviewing turnover, gross margins and profit or loss before taxation.

Turnover has decreased by 14.9% to £10,928,935 due to decrease in demand of company's orthopedic and related surgical products from NHS and private clinics during the lockdown period because of COVID-19 pandemic.

Gross margin has slightly remained the same as prior year ie 54.1% mostly because both revenue and cost of sales decreased in the same direction as result of impact of COVID-19 into the business.

The above factors have resulted in a decrease in profit before tax from £3,669,399 to £3,114,550.

This report was approved by the board on

12/10/2021

and signed on its behalf.



N P Ryder
Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Results and dividends

The profit for the year, after taxation, amounted to £2,454,658 (2019: £2,957,222).

A dividend of £2,500,000 was paid in the year (2019: £6,490,496).

Directors

The directors who served during the year were:

S Wolfington
N A Hyndman (resigned 29 January 2021)
N P Ryder
N T Siddiqui

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standard, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Going concern

The directors have prepared cash flow forecasts through to 31 December 2022 which indicate that the group has sufficient funds to meet its obligations as and when they fall due throughout this period. Accordingly, the company's directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future and believe that it's appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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

Qualifying third party indemnity provisions

The company has provided qualifying third-party indemnity provisions in respect of the directors who were in force during the year and at the date of the report.

Matters covered in the Strategic report

The business review, key performance indicators and principal risks and uncertainties have been included in the Strategic report.

Disclosure of information to auditor

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.

Independent auditor

The auditor, Grant Thornton UK LLP, will not seek reappointment as external auditors of the company for next financial year.

This report was approved by the board on 12/10/2021 and signed on its behalf.



N P Ryder
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACUMED LIMITED

Opinion

We have audited the financial statements of Acumed Limited (the 'company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive income, Statement of financial position, 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.

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACUMED LIMITED (CONTINUED)

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.

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 by 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACUMED LIMITED (CONTINUED)

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, 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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACUMED LIMITED (CONTINUED)

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

- Based on our understanding of the entity, we identified that the principal risks of non-compliance with laws and regulations related to unethical and prohibited business practices, 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 preparation of 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 increase income or profit and the potential for management bias in accounting estimates. Audit procedures performed by the engagement team included:
 - Discussion with management, including consideration of known or suspected instances of non-compliance with laws and regulations, and fraud.
 - Challenging significant accounting assumptions and judgements individually and collectively for indications of management bias.
 - Designing risk filters to search for journal entries, such as those posted with unusual account combinations or posted by members of senior management with a financial reporting oversight role, and testing those journals highlighted (if any).
 - Incorporating elements of unpredictability into the audit procedures performed.
 - Reviewing the disclosures in the Annual Report and financial statements against the specific legal requirements, for example within the Directors' Report.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - Knowledge of the industry in which the client operates
 - Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation, the regulatory rules and related guidance, including guidance issued by relevant authorities that interprets those rules and the applicable statutory provisions.
- 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACUMED LIMITED (CONTINUED)

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.

A handwritten signature in black ink, appearing to read "David White".

David White BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: 12/10/2021

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

	Note	2020 £	2019 £ (Restated)
Turnover	4	10,928,935	12,846,927
Cost of sales		(5,017,453)	(5,901,977)
Gross profit		5,911,482	6,944,950
Distribution costs		(938,656)	(1,179,251)
Administrative expenses		(2,076,120)	(2,215,668)
Other operating income	5	109,782	-
Operating profit	6	3,006,488	3,550,031
Interest receivable and similar income	10	108,062	119,368
Profit before tax		3,114,550	3,669,399
Tax on profit	11	(659,892)	(712,177)
Profit for the financial year		2,454,658	2,957,222
Total comprehensive income for the year		<u>2,454,658</u>	<u>2,957,222</u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of comprehensive income.

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

REGISTERED NUMBER:03459373

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

	Note	2020 £	2019 £ (Restated)
Fixed assets			
Tangible assets	13	2,204,321	2,645,077
Current assets			
Stocks	14	8,052,995	7,965,903
Debtors: amounts falling due within one year	15	3,679,935	3,968,776
Cash at bank and in hand	16	3,741,849	3,086,049
		15,474,779	15,020,728
Creditors: amounts falling due within one year	17	(1,159,720)	(1,101,084)
Net current assets		14,315,059	13,917,644
Total assets less current liabilities		16,519,380	16,564,721
Net assets		16,519,380	16,564,721
Capital and reserves			
Called up share capital	20	8,800	8,800
Capital redemption reserve	19	1,200	1,200
Profit and loss account	19	16,509,380	16,554,721
		16,519,380	16,564,721

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
12/10/2021



N P Ryder
Director

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

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

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020 (as previously stated)	8,800	1,200	15,075,556	15,085,556
Change in accounting policy	-	-	1,479,165	1,479,165
At 1 January 2020 (as restated)	<u>8,800</u>	<u>1,200</u>	<u>16,554,721</u>	<u>16,564,721</u>
Comprehensive income for the year				
Profit for the year	-	-	2,454,658	2,454,658
Total comprehensive income for the year	-	-	2,454,658	2,454,658
Dividends: Equity capital	-	-	(2,500,000)	(2,500,000)
Total transactions with owners	-	-	(2,500,000)	(2,500,000)
At 31 December 2020	<u>8,800</u>	<u>1,200</u>	<u>16,509,380</u>	<u>16,519,380</u>

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

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019 (as previously stated)	8,800	1,200	18,787,907	18,797,907
Change in accounting policy	-	-	1,300,087	1,300,087
At 1 January 2020 (as restated)	<u>8,800</u>	<u>1,200</u>	<u>20,087,994</u>	<u>20,097,994</u>
Comprehensive income for the year				
Profit for the year	-	-	2,957,222	2,957,222
Total comprehensive income for the year	-	-	2,957,222	2,957,222
Dividends: Equity capital	-	-	(6,490,495)	(6,490,495)
Total transactions with owners	-	-	(6,490,495)	(6,490,495)
At 31 December 2019	<u>8,800</u>	<u>1,200</u>	<u>16,554,721</u>	<u>16,564,721</u>

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

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

1. General information

Acumed Limited is a private company limited by shares and incorporated in England and Wales. Its registered office address is Huebner House, The Fairground, Weyhill, Andover, Hampshire, SP11 0QN.

The principal activity of the company during the year was the distribution of orthopaedic and medical products to hospitals in the UK and Ireland.

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 judgment in applying the company's accounting policies (see note 3).

The financial statements are presented in Sterling (£).

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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Acumed Acquisition Company Limited as at 31 December 2020 and these financial statements may be obtained from Huebner House, The Fairground, Weyhill, Andover, Hampshire, SP11 0QN.

2.3 Going concern

The directors have prepared cash flow forecasts through to 31 December 2022 which indicate that the group has sufficient funds to meet its obligations as and when they fall due throughout this period. Accordingly, the company's directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future and believe that it's appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 30 years
Plant and machinery	- 33% straight line basis
Instrument kits	- 20% straight line basis
Motor vehicles	- 25% straight line basis
Office equipment	- 15% straight line basis
Computer equipment	- 33% straight line basis

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease.

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

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in first out basis.

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

2.8 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 accounts receivable and payable, loans from banks and other third parties and loans to related parties.

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 payables or receivables, 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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.

2.9 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.

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

2. Accounting policies (continued)

2.10 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 nine months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

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

2.12 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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

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

2. Accounting policies (continued)

2.14 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.15 Dividends

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

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in 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.

2.17 Interest income

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

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

2. Accounting policies (continued)

2.18 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 as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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

The company's significant accounting policies are stated in Note 2. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment and estimation involved in their application and their impact on these financial statements. Judgments and estimates are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

Impairment of stocks

Management have reviewed the age of stock, historic and expected demand for each individual line item, and the shelf life of each individual item and included provisions to reflect exposures arising. Refer to Note 14 for the amount of current year impairment of stocks.

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

4. Turnover

The whole of the turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Government grants receivable (furlough)	<u>109,782</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £	2019 (Restated) £
Depreciation of tangible fixed assets	686,367	578,214
Exchange differences	(30,772)	(9,439)
Operating lease rentals	6,011	28,401
Loss on disposal of tangible assets	-	63,204
	<u> </u>	<u> </u>

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<u>17,000</u>	<u>12,000</u>

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the consolidated accounts of Acumed Acquisition Company Limited, the parent undertaking.

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

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	1,561,027	1,619,715
Social security costs	149,019	159,621
Cost of defined contribution pension scheme	106,776	99,437
	<u>1,816,822</u>	<u>1,878,773</u>

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

	2020 No.	2019 No.
Directors	2	2
Sales and administration	36	30
	<u>38</u>	<u>32</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	245,341	236,315
Company contributions to defined contribution pension schemes	11,815	10,369
	<u>257,156</u>	<u>246,684</u>

During the year retirement benefits were accruing to none of the directors (2019: Nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £141,201 (2019: £137,426).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2019: £5,768).

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

10. Interest receivable and similar income

	2020 £	2019 £
Interest receivable from group undertakings	95,722	71,313
Other interest receivable	12,340	48,055
	<u>108,062</u>	<u>119,368</u>

11. Tax on profit

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	720,000	673,531
Adjustments to tax charge in respect of previous periods	(2,562)	1,967
Total current tax	<u>717,438</u>	<u>675,498</u>
Deferred tax		
Deferred tax (credit)/charged in the profit and loss	<u>(57,546)</u>	<u>36,679</u>
Total deferred tax	<u>(57,546)</u>	<u>36,679</u>
Taxation on profit on ordinary activities	<u>659,892</u>	<u>712,177</u>

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

11. Taxation (continued)**Factors affecting tax charge for the year**

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

	2020 £	2019 £
Profit on ordinary activities before tax	<u>3,114,550</u>	<u>3,636,336</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	591,765	690,904
Effects of:		
Expenses not deductible for tax purposes	241	6,722
Differences in tax rates in respect of deferred tax	-	431
Group relief (claimed)	(334)	-
Fixed asset differences	63,923	12,153
Adjustments to tax charge in respect of previous periods	(2,562)	1,967
Remeasurement of deferred tax for changes in tax rates	34	-
Deferred tax not recognized	6,825	-
Total tax charge for the year	<u>659,892</u>	<u>712,177</u>

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). Subsequently, in the March 2021 budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential impact on the company's future tax charge.

12. Dividends

	2020 £	2019 £
Dividends paid	<u>2,500,000</u>	<u>6,490,496</u>

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

13. Tangible assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost						
At 1 January 2020 (as previously stated)	906,516	27,627	63,709	182,124	73,274	1,253,250
Prior period adjustment	-	2,938,312	-	-	-	2,938,312
At 1 January 2020 (re-stated)	906,516	2,965,939	63,709	182,124	73,274	4,191,562
Additions	-	230,093	-	20,817	20,628	271,538
Disposals	-	-	(63,709)	(15,072)	-	(78,781)
At 31 December 2020	906,516	3,196,032	-	187,869	93,902	4,384,319
Depreciation						
At 1 January 2020 (as previously stated)	170,269	22,542	30,759	120,826	45,794	390,190
Prior period adjustment	-	1,156,295	-	-	-	1,156,295
At 1 January 2020 (re-stated)	170,269	1,178,837	30,759	120,826	45,794	1,546,485
Charge for the year	20,285	613,216	7,023	24,050	21,793	686,367
Disposals	-	-	(37,782)	(15,072)	-	(52,854)
At 31 December 2020	190,554	1,792,053	-	129,804	67,587	2,179,998
Net book value						
At 31 December 2020	715,962	1,403,979	-	58,065	26,315	2,204,321
At 31 December 2019 (as restated)	736,247	1,787,102	32,950	61,298	27,480	2,645,077

Included within freehold property is freehold land at a cost of £297,957 (2019: £297,957) which is not depreciated.

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

14. Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>8,052,995</u>	<u>7,965,903</u>

The carrying value of stocks are stated net of current year impairment losses totaling £1,047,963 (2019: £834,576).

15. Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	1,689,186	2,366,667
Amounts owed by group undertakings	1,921,703	1,409,765
Other debtors	10,144	99,423
Prepayments and accrued income	58,902	86,383
Deferred taxation	-	6,538
	<u>3,679,935</u>	<u>3,968,776</u>

An impairment loss of £22,557 was recognised against trade debtors (2019: £26,497).

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>3,741,849</u>	<u>3,086,049</u>

17. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	260,820	147,395
Corporation tax	21,570	303,689
Other taxation and social security	427,683	43,921
Other creditors	7,603	6,808
Accruals and deferred income	192,584	296,310
Deferred Taxation	<u>249,460</u>	<u>302,961</u>
	<u>1,159,720</u>	<u>1,101,084</u>

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

18. Deferred taxation

	2020 £	2019 <i>As restated</i> £
At beginning of year	302,961	266,285
(Credited)/Charged to the profit and loss account	(53,501)	36,676
At end of year	<u>249,460</u>	<u>302,961</u>

The deferred tax liability is made up as follows:

	2020 £	2019 £
Fixed assets timing differences	269,774	309,131
Short term timing differences	(20,314)	(6,170)
	<u>249,460</u>	<u>302,961</u>

19. Reserves**Capital redemption reserve**

The capital redemption reserve relates to the nominal value of shares acquired by the company in a previous year.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses net of dividends paid.

20. Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
8,800 (2019: 8,800) Ordinary shares of £1 each	<u>8,800</u>	<u>8,800</u>

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

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

21. Change in accounting policy

During the year the company has made a voluntary change in accounting policy in respect of instrument kit purchases. Previously purchases were expenses in cost of sales on receipt of the kits, however, to align with the ultimate controlling party policy and presenter and present a fairer representation of the results, the company has elected to capitalise these instruments and depreciate them over a useful economic life of 5 years.

As this constitutes a change in accounting policy the company has applied the change retrospectively with the prior year and previous years being impacted as follows:

	Cumulative balance to 31/12/2019	Prior to 01/01/19
	£	£
Kit cost capitalised	2,938,313	2,245,814
Depreciation charged	1,156,187	679,444
Deferred tax liability	302,961	266,283
Net assets	1,479,165	1,300,087

As a result of this the profit before tax for the year ended 31 December 2019 has increased by £215,756 and the profit after taxation by £179,077.

22. Pension commitments

The company operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are administered in a separate fund. The pension liability at the year-end was £Nil (2019: £8,919).

23. 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	-	6,534

24. Related party transactions

The company has taken advantage of the exemption under section 33 of FRS 102 to not disclose transactions with other wholly owned group companies.

25. Controlling party

The immediate parent undertaking is Acumed Acquisition Company Limited, a company incorporated in England and Wales. This is the smallest group of undertakings for which group accounts are drawn up.

The ultimate parent undertaking is Colson Medical LLC, for which consolidated financial statements are prepared, which is incorporated in the United States of America. This is the largest group of undertakings for which group accounts are drawn up.