

Registered number: 3570204

Sunrise Medical Limited

Annual report and financial statements

for the year ended 30 June 2019



Sunrise Medical Limited

Directors

J Barratt
A Platt
B Krebs

Company Secretary

P Hasling

Registered Office

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West Midlands
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Bankers

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Sunrise Medical Limited

Contents

	Page
Strategic report	1
Directors' report	3
Directors' responsibilities statement	5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9

Sunrise Medical Limited

Strategic Report

Review of the business

The principle activity of Sunrise Medical Limited (the “Company”) is the manufacture and distribution of mobility and healthcare products. Future developments are likely to be in similar fields.

The Company continues to invest in research and development (R&D). This continues to result in updates to existing products as well as the development of new ones. The directors regard R&D investment as necessary for the continuing success of the Company.

Key performance indicators

The results are shown in the Company’s profit and loss account on page 6 of the financial statements. They are summarised below.

Results for the year are as follows:	2019	2018
	£000	£000
Turnover	52,371	50,410
Profit before taxation	6,425	2,622

The balance sheet on page 7 of the financial statements shows that the Company’s financial position at the year end in net assets terms is an increase of 17.3% (2018: increase of 35.4%).

The Company has maintained an acceptable level of service to its customers as expressed by its on time delivery performance which across all product lines and markets remains consistently above 90%. This is in the upper quartile for the industry.

Sunrise Medical Limited manages its operations on a global basis. For this reason, the Company’s directors believe that further key performance indicators for this Company, Sunrise Medical Limited, are not necessary or appropriate for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

Competitive pressure globally is a continuing risk for the Company, which could result in it losing market share to its competitors. The Company manages this risk by investing heavily in R&D activities to maintain product superiority, by providing added value services to its customers, having fast response times not only in supplying products but also in handling customer queries and by maintaining strong relationships with customers.

There is also exposure to foreign currency exchange rates. The group’s treasury function takes out contracts on behalf of Sunrise Medical Limited to cover the forecast foreign exchange requirements to manage the exchange rate risk at a group level.

There is a significant level of trading with other group undertakings; resulting balances are shown in notes 13 and 14. All amounts are classed as current as they fall due within one year.

The Company is party to cross guarantees with the group’s bankers, a syndicate headed by HSBC.

The impact of the EU referendum result on the Company’s future activity can be found in the Directors’ Report on page 3.

Sunrise Medical Limited

Strategic Report (continued)

Future developments

The directors expect the general level of activity of the continuing business to remain broadly consistent with 2019 in the forthcoming year.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A Platt', with a stylized, cursive script.

A Platt

Director

15 January 2020

Sunrise Medical Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2019.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk and cash flow risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward to hedge these exposures.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

EU Referendum

Following the result of the EU referendum and the UK's vote to leave, the Company's activity will be exposed to increased financial risks associated with changes in foreign currency exchange rates. A significant proportion of the company's trading goods are sourced in EUR or USD.

This risk is to be mitigated by methods such as foreign currency hedging.

In the longer term any changes in the UK's trading arrangements with EU member states may impact upon the cost of, and delays in importing, stock. However it is considered this risk will affect all UK companies trading with the EU, and the impact will only become clear as the UK nears its exit.

Dividends

No dividend has been paid during the year (2018: £nil) and the Directors do not recommend any such to be paid.

Directors

The directors who served during the year and subsequently were as follows:

E O'Brien (resigned 10 May 2019)

A Platt

B Krebs

J Barratt (appointed 10 May 2019)

Sunrise Medical Limited

Directors' report (continued)

Auditor

For the year ending 30 June 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Disclosure of information in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2015, more specifically information relating to future developments and research and development.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A Platt', with a long horizontal stroke extending to the right.

A Platt

Director

15 January 2020

Sunrise Medical Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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". 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Sunrise Medical Limited

Profit & Loss Account

For the year ended 30 June 2019

	Note	2019 £000	2018 £000
Turnover	3	52,371	50,410
Cost of sales		(36,139)	(33,472)
Gross profit		16,232	16,938
Distribution costs		(5,392)	(5,113)
Administrative expenses		(5,303)	(10,084)
Operating profit		5,537	1,741
Net finance income	4	888	881
Profit before taxation	5	6,425	2,622
Tax on profit	8	(344)	(450)
Profit for the financial year attributable to the equity shareholders of the Company		6,081	2,173

All amounts relate to continuing activities.

There is no other comprehensive income other than the gains attributable to the shareholders of the Company of £6,081k in the year ended 30 June 2019 (2018: £2,173k)

Sunrise Medical Limited

Balance Sheet As at 30 June 2019

	Note	2018 £000	2018 £000
Fixed assets			
Intangible assets	9	1,943	1,981
Tangible assets	10	1,114	979
Investments	11	579	579
		<u>3,636</u>	<u>3,539</u>
Current assets			
Stocks	12	6,118	4,404
Debtors	13	49,799	43,668
Cash at bank and in hand		27	6,001
		<u>55,944</u>	<u>54,073</u>
Creditors: amounts falling due within one year	14	<u>(18,441)</u>	<u>(22,545)</u>
Net current assets		<u>37,503</u>	<u>31,528</u>
Total assets less current liabilities		<u>41,139</u>	<u>35,067</u>
Provisions for liabilities	15	-	(9)
Net assets		<u>41,139</u>	<u>35,058</u>
Capital and reserves			
Called-up share capital	17	6,631	6,631
Share premium account	17	6,618	6,618
Profit and loss account		27,890	21,809
Shareholders' funds		<u>41,139</u>	<u>35,058</u>

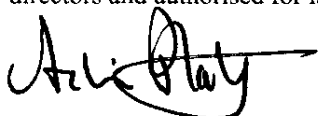
Audit exemption statement

For the year ending 30 June 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of Sunrise Medical Limited (registered number 3570204) were approved by the board of directors and authorised for issue on 15 January 2020. They were signed on its behalf by:



A Platt

Director

Sunrise Medical Limited

Statement of changes in equity For the year ended 30 June 2019

	Called-up share capital £000	Share premium Reserve £000	Profit and loss account £000	Total £000
At 1 July 2017	6,254	-	19,636	25,890
Profit for the financial year, being total comprehensive Income	-		2,173	2,173
Share issue	377	6,618	-	6,995
At 30 June 2018	6,631	6,618	21,809	35,058
Profit for the financial year, being total comprehensive Income	-	-	6,081	6,081
At 30 June 2019	<u>6,631</u>	<u>6,618</u>	<u>27,890</u>	<u>41,139</u>

376,780 new £1 Ordinary shares were issued on 16 April 2018 at £18.57 per share, giving a total share premium of £6,618,486.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a. General information and basis of accounting

Sunrise Medical Limited ('the company') is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on the information page. The nature of the company's operations and its principal activities are set out in the strategic report on pages 1 to 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company has also taken exemption from the requirement to prepare group financial statements under s400 of the Companies Act 2006. The Company is consolidated in the financial statements of its ultimate parent, Cidron Ollopa Investment BV, which may be obtained at Barbara Strozilaan 201, Amsterdam, Netherlands. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement and remuneration of key management personnel.

b. Going concern

The financial statements have been prepared using the going concern basis of accounting.

c. Intangible assets

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit. This period is between three and five years on a straight-line basis and is charged to administrative expenses in the profit and loss account. Provision is made for any impairment.

IT licences are amortised over the period during which the Company is expected to benefit on a straight-line basis and is charged to administrative expenses in the profit and loss account.

Goodwill is capitalised and written off on a straight-line basis over its useful economic life, which is 25 years, and is charged to administrative expenses in the profit and loss account. Provision is made for any impairment. In determining a useful economic life of 25 years, the directors considered the length of the product lifecycle and considered the write-off period appropriate.

d. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

1. Accounting policies (continued)

d. *Tangible fixed assets (continued)*

Leasehold improvements	over term of the lease
Plant and machinery	10% to 50%
Fixtures and fittings, tools and office equipment	20% to 33%
Assets held for demonstration	33%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

e. *Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) *Investments*

Investments in subsidiaries and associates are measured at cost less impairment.

(iii) *Derivative financial instruments*

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

1. Accounting policies (continued)

e. Financial instruments (continued)

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

f. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

g. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

1. Accounting policies (continued)

h. Taxation (continued)

right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

j. Employee benefits

The Company operates a defined contribution pension plan. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

k. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

1. Accounting policies (continued)

l. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

m. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

n. Borrowing costs

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. Capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

o. Finance income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key source of estimation

Allowances for doubtful debt are made to provide for aged and overdue trade debtors. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Critical judgements in applying the Company's accounting policies

The Directors' have considered whether the value of any of the Company's assets needs to be reduced as a result of impairment; their judgement was based on estimating the future economic benefit flowing from these assets.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

3. Turnover

Turnover represents the amount invoiced for the sale of goods; all of the Company's turnover derives from its principal activity.

An analysis of the Company's turnover by geographical market is set out below.

	2019	2018
	£000	£000
United Kingdom	44,313	43,138
Rest of Europe	7,281	6,604
Rest of World	777	668
	<u>52,371</u>	<u>50,410</u>

4 Net finance income

	2019	2018
	£000	£000
Interest payable and similar expenses	(631)	(76)
Investment income	1,519	957
	<u>888</u>	<u>881</u>

Interest receivable and similar income

	2019	2018
	£000	£000
Other interest receivable and similar income	1,519	957

Interest payable and similar expenses

	2019	2018
	£000	£000
Bank loans and overdrafts	631	76

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

5 Profit before taxation

Profit before taxation is stated after expensing/(crediting):

	2018 £000	2018 £000
Depreciation of tangible fixed assets (note 9)	752	648
Amortisation of intangible assets (note 8)	686	705
Research and development	235	130
Operating lease rentals	803	761
Foreign exchange loss	354	418
(Gain)/Loss on disposal of fixed assets (note 9)	(54)	(53)
Cost of stock recognised as an expense	29,598	27,253
	<u>29,598</u>	<u>27,253</u>

Auditor's remuneration

Fees payable to Deloitte and their associates for the audit of the Company's financial statements were £nil (2018: £53,721).

The non-audit services provided in the current year totalled £35,000 (2018: nil).

6 Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2019 Number	2018 Number
Production	90	78
Management and Administration	128	130
	<u>218</u>	<u>208</u>

Their aggregate remuneration comprised:

	2019 £000	2018 £000
Wages and salaries	8,347	8,279
Social security costs	794	775
Other pension costs (see note 19)	202	172
	<u>9,343</u>	<u>9,226</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

7. Directors' remuneration and transactions

	2018 £000	2018 £000
<i>Directors' remuneration</i>		
Emoluments	622	622
Company contributions to money purchase pension schemes	10	10
	<u>632</u>	<u>632</u>
	2019 Number	2018 Number
The number of directors who:		
Are members of a money purchase pension scheme	<u>1</u>	<u>1</u>
	2019 £000	2018 £000
Remuneration of the highest paid director:		
Emoluments	354	421
Company contributions to defined contribution pension schemes	-	-
	<u>354</u>	<u>421</u>

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

8. Tax on profit

The tax expense comprises:

	2019 £000	2018 £000
Current tax on profit		
UK corporation tax	822	447
Adjustments in respect of prior years	(280)	(145)
Total current tax	<u>542</u>	<u>302</u>
Deferred tax		
Origination and reversal of timing differences	(101)	56
Adjustments in respect of prior years	(97)	92
Total deferred tax	<u>(198)</u>	<u>148</u>
Total tax on profit	<u><u>344</u></u>	<u><u>450</u></u>

The standard rate of tax applied to reported profit is 19.00% per cent (2018: 19.0 per cent).

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2019 £000	2018 £000
Profit before tax	<u>6,425</u>	<u>2,622</u>
Tax on profit at standard UK corporation tax rate of 19.00% per cent (2018: 19.0 per cent)	1,221	498
Effects of:		
- Fixed asset differences	(63)	240
- Expenses not deductible for tax purposes	33	28
- Group relief received for no payment	(470)	(265)
- Adjustments to tax expense in respect of previous periods	(377)	(53)
- Effect of deferred tax rate change	-	2
Total tax (credit)/expense for year	<u><u>344</u></u>	<u><u>450</u></u>

The current tax rate is 19.00% and deferred tax has been recognised at 17% in light of the following observations. Reductions in the future UK corporation tax rates from 19% to 18% were substantively enacted in July 2015 and will take effect in April 2020. The Finance Act 2016, which was substantively enacted on September 2016, included provisions to reduce the rate of corporation tax to 17% from April 2020. Accordingly, deferred tax balances have been valued to the lower rate of 17% in these accounts. To the extent that deferred tax reverses before 1 April 2020 then the impact on the net deferred tax liability will be reduced.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

9. Intangible Fixed Assets

	IT licences £000	Goodwill £000	Develop- ment costs £000	Total £000
Cost				
At 1 July 2018	3,138	8,270	440	11,848
Additions	170	-	533	703
Transfer	(55)		-	(55)
	<u>3,253</u>	<u>8,270</u>	<u>973</u>	<u>12,496</u>
At 30 June 2019	<u>3,253</u>	<u>8,270</u>	<u>973</u>	<u>12,496</u>
Amortisation				
At 1 July 2018	1,481	8,270	116	9,867
Charge for the year	470	-	216	686
	<u>1,951</u>	<u>8,270</u>	<u>332</u>	<u>10,553</u>
At 30 June 2019	<u>1,951</u>	<u>8,270</u>	<u>332</u>	<u>10,553</u>
Net book value				
At 30 June 2018	<u>1,657</u>	<u>-</u>	<u>324</u>	<u>1,981</u>
At 30 June 2019	<u>1,302</u>	<u>-</u>	<u>641</u>	<u>1,943</u>

Development costs have been capitalised in accordance with the requirements of FRS 92 and are therefore not treated, for dividend purposes, as a realised loss.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

10. Tangible Fixed Assets

	Leasehold Improvements £000	Fixtures, Fittings, tools and office equipment £000	Plant and Machinery £000	Assets held for demonstration £000	Total £000
Cost or valuation					
At 1 July 2018	419	2,057	530	1,292	4,298
Additions	9	169	16	739	933
Disposals	-	(92)	-	(143)	(235)
At 30 June 2019	428	2,134	546	1,888	4,996
Depreciation					
At 1 July 2018	410	1,685	478	746	3,319
Charge for the year	15	221	25	491	752
Disposals	-	(92)	-	(97)	(189)
At 30 June 2019	425	1,814	503	1,140	3,882
Net book value					
At 30 June 2019	3	320	43	748	1,114
At 30 June 2018	9	372	52	546	979

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

11. Investments

	2019 £000	2018 £000
Subsidiary undertakings	579	579

Investments

The Company has investments in the following subsidiary undertakings, associates and other significant investments.

	Principal activity	Holding	%
Subsidiary undertakings			
Lomax Mobility Limited	Holding co	Ordinary	90% +
Xiamen Lomax Ind Co Limited	Manufacturer	Ordinary	80%

+ Held directly by Sunrise Medical Limited.

Lomax Mobility Limited is registered at 15 Atholl Crescent, Edinburgh, United Kingdom.

Xiamen Lomax Industrial Company Limited is incorporated and registered at No 68 Tongan section, Tongan Industrial Zone, Xiamen, China.

Subsidiary undertakings

	£000
Cost	
At 1 July 2018	21,789
Provisions for impairment	
At 1 July 2018	21,210
Carrying value	579

Subsidiary undertakings have not been consolidated by Sunrise Medical Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Cidron Ollopa Investment BV.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

12. Stocks

	2018 £000	2018 £000
Raw materials and consumables	3,927	2,908
Work in progress	-	4
Finished goods and goods for resale	2,191	1,492
	<u>6,118</u>	<u>4,404</u>

13. Debtors

	2019 £000	2018 £000
Amounts falling due within one year:		
Trade debtors	6,399	6,355
Amounts owed by group undertakings	42,177	36,759
Corporation Tax	-	5
Deferred Tax	189	-
Other debtors	25	18
Prepayments and accrued income	1,009	531
	<u>49,799</u>	<u>43,668</u>

Included within amounts owed by group undertakings are intercompany loans receivable from intermediary parent/parent of £13,473,000 (2018: £8,072,000) and from fellow subsidiaries of £24,755,000 (2018: £23,531,000). These loans are unsecured and bear interest at rates of 5% (2018: between 5% and 6.28%). The remaining balance is in respect of ordinary trade receivables which are unsecured and non-interest bearing

Deferred tax

Deferred tax is recognised as follows:

	2019 £000	2018 £000
Decelerated capital allowances	188	(9)
Other timing differences	1	-
Deferred tax asset	<u>189</u>	<u>(9)</u>

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

14. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	4,574	3,782
Amounts owed to group undertakings	7,360	12,960
Corporation tax	457	-
Other taxation and social security	1,441	1,424
Other creditors	1,188	1,562
Accruals and deferred income	3,421	2,817
	<u>18,441</u>	<u>22,545</u>

Included within amounts owed to group undertakings are intercompany loans payable to intermediary parent/parent of £1,486,000 (2018: £3,158,000) and fellow subsidiaries of £3,560,000 (2018: £3,390,000). These loans are unsecured and bear interest at 5% (2018: 5%). The remaining balance is in respect of ordinary trade payables which are unsecured and non-interest bearing.

15. Provisions for liabilities

	Deferred taxation £000
At 1 July 2018	9
Credited to profit and loss account	<u>(9)</u>
At 30 June 2019	<u>-</u>

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

16. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2019 £000	2018 £000
Financial assets		
Measured at undiscounted amount receivable		
• Amounts owed by other group undertakings (see note 13)	42,177	36,759
• Trade debtors (see note 13)	6,399	6,355
	<u>48,576</u>	<u>43,114</u>
Financial liabilities		
Measured at undiscounted amount payable		
• Amounts owed to other group undertakings (see note 14)	7,360	12,960
• Trade creditors (see note 14)	4,574	3,782
	<u>11,934</u>	<u>16,742</u>

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2019 £000	2018 £000
Fair value gains and losses		
On financial liabilities measured at fair value through profit or loss	-	139
Interest income and expense		
Total interest income for financial assets at amortised cost	-	-
Total interest expense for financial liabilities at amortised cost	-	-

Gains/(Losses) of £nil (2017: Gains £139,000) were recognised in profit or loss.

There are no significant terms and conditions that may affect the amount, timing and certainty of future cash

17. Called-up share capital and reserves

	2019 £000	2018 £000
Allotted, called-up and fully-paid		
6,631,235 ordinary shares of £1 each (2017 6,254,455)	6,631	6,631

The Company has one class of ordinary shares which carries no right to fixed income.

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

376,780 new £1 Ordinary shares were issued on 16 April 2018 at £18.57 per share, giving a total share premium of £6,618,480.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2019

18. Financial commitments

Capital commitments are as follows:

	2019 £000	2018 £000
Contracted for but not provided acquisition of tangible assets	32	32

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

	2019		2018	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
- within one year	431	247	434	321
- between one and five years	455	153	146	404
	886	400	580	725

19. Employee benefits

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 30 June 2019 was £201,781 (2018: £171,861).

20. Related party transactions

The Company has taken advantage of the exemptions under Section 33 of FRS 92 not to disclose transactions between fellow subsidiaries which are wholly owned members of the Group.

21. Controlling party

At the balance sheet date, the Company's ultimate parent Company and controlling party was Cidron Ollopa Investment BV., a Company incorporated in The Netherlands. The Company's immediate parent Company is Sunrise Medical Holdings Limited, a Company incorporated in the UK. The parent Company of the smallest and largest group to consolidate financial statement is Cidron Ollopa Investment BV and copies of these financial statements may be obtained from its registered address at Sunrise Medical Limited, Thorns Road, Brierley Hill, West Midlands DY5 2LD.