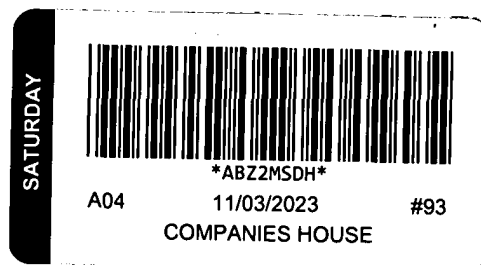


Registered number: 3570204

Sunrise Medical Limited

Annual report and audited financial statements

For the year ended 30 June 2022



Sunrise Medical Limited

Directors

J Barratt
A Platt
B Krebs

Company Secretary

P Hasling

Registered Office

Sunrise Medical
Thorns Road
Brierley Hill
West Midlands
DY5 2LD

Bankers

HSBC Bank plc
62-76 Park Lane
London
SE1 9DZ

Auditors

Mazars
2 Chamberlain Square
Birmingham
B3 3AX

Sunrise Medical Limited

Contents

	Page
Strategic report	1
Directors' report	3
Directors' responsibilities statement	6
Independent auditor's report	7
Profit and loss account	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14

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 7 of the financial statements. They are summarised below.

Results for the year are as follows:	2022	2021
	£000	£000
Turnover	55,194	47,199
Profit before taxation	5,284	7,172

The balance sheet on page 8 of the financial statements shows that the Company’s financial position at the year end in net assets terms is an increase of 11.1% (2021: increase of 16%).

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 14 and 15. All amounts are classed as current as they fall due within one year.

The Company has granted security over certain assets under the group’s credit facilities.

Sunrise Medical Limited

Strategic Report (continued)

Companies Act 2006 Section 172 statement

The Company is part of a group whose mission statement is “to improve people’s lives by creating high quality and innovative products and solutions”. We also aim to increase stakeholder value by growing sales revenue and reducing costs. Overall strategy is set by the Board of our ultimate holding company and is cascaded down to individual sites through global, European and local management teams.


All operating decisions are taken with regard to the interests of all our stakeholders, including equity interest, associates, direct customers and the endusers of our products, and suppliers.

The Directors believe that regular in depth communication with all these groups, in person where possible, ensures that we are aware of their changing needs and allows us to accommodate them.

Our “Do The Right Thing” program ensures that all our associates are fully aware of Company goals and the ethical standards we set ourselves.

As are all UK based businesses, we are currently experiencing inflationary pressures; we are mitigating this by using Group purchasing power to negotiate best prices from our suppliers and constantly reviewing product designs to reduce costs and increase flexibility of supply chains.

Approved by the Board and signed on its behalf by:


Adrian Platt (Feb 8, 2023 08:43 GMT)

A Platt

Director

8 February 2023

Sunrise Medical Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2022.

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. The impact of COVID on cash flow this year was limited; we have incurred very few failures amongst our customers and the majority have been able to pay liabilities as they fell due. Longer payment terms were negotiated with many suppliers and advantage was taken of government schemes such as Coronavirus Job Retention Scheme and postponement of VAT payments.

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.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the annual financial statements. See notes 1.

Sunrise Medical Limited

Directors' report

Energy and carbon reporting

We have reported on all sources of GHG emissions and energy usage as required under *The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008* as amended.

GHG emissions and energy usage

GHG emissions and energy usage data for period 1 July 2021 to 30 June 2022		
	UK and offshore	
	2022	2021
Emissions from combustion of gas (Scope 1 – tonnes of CO ₂ e)	338	301
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO ₂ e)	236	187
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO ₂ e)	214	222
Total gross CO₂e based on above	788	710
Energy consumption used to calculate emissions - kwh	731,502	762,529
Intensity ratio : tonnes of CO ₂ e per £m revenue	13.3	15.0

Reporting boundary and methodology

The reporting boundary used for collation of the above data is the operational control approach.

We have followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019 to calculate the above disclosures.

Energy efficiency actions taken

During 2021/22 we have taken a number of steps to improve energy efficiency. These include upgrading of fluorescent lighting to LED, reviewing the heating strategy and renewing old units to more efficient new ones, improving control of air conditioning.

Sunrise Medical Limited

Directors' report

Dividends

No dividend was declared nor paid during the year (2021: nil) and the Directors do not recommend any further dividend for the year.

Directors

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

A Platt
B Krebs
J Barratt

Auditor

For the year ending 30 June 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. This exemption being no longer available, Mazars were appointed auditors on 25 June 2022.

Disclosure of information to auditor

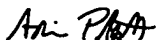
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- The Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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:


Adrian Platt (Feb 8, 2023 08:43 GMT)

A Platt

Director

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.

Independent auditor's report to the members of Sunrise Medical Limited

Opinion

We have audited the financial statements of Sunrise Medical Limited (the 'company') for the year ended 30 June 2022 which comprise profit and loss account, balance sheet, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 the financial statements.

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

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition which we pinpointed to the cut-off assertion and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

Use of the audit 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.

Elisa Howe
Elisa Howe (Feb 10, 2023 17:16 GMT)

Elisa Howe (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

10 February 2023

Sunrise Medical Limited

Profit & Loss Account

For the year ended 30 June 2022

	Note	2022 £000	2021 £000
Turnover	3	55,194	47,199
Cost of sales		(41,426)	(32,323)
Gross profit		13,768	14,876
Distribution costs		(4,908)	(3,830)
Administrative expenses		(6,084)	(4,556)
Operating profit		2,776	6,490
Income from shares in group undertakings	12	1,705	-
Net finance income	4	803	682
Profit before taxation	5	5,284	7,172
Tax on profit	8	(287)	(1,008)
Profit for the financial year attributable to the equity shareholders of the Company		4,997	6,164

All amounts relate to continuing activities.

There is no other comprehensive income other than the gains attributable to the shareholders of the Company of £4,997k in the year ended 30 June 2022 (2021: £6,164k)

Sunrise Medical Limited

Balance Sheet

As at 30 June 2022


	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	10	1,997	1,841
Tangible assets	11	1,243	876
Investments	12	579	579
		<u>3,819</u>	<u>3,296</u>
Current assets			
Stocks	13	12,453	8,909
Debtors	14	53,055	49,952
Cash at bank and in hand		-	-
		<u>65,508</u>	<u>58,861</u>
Creditors: amounts falling due within one year	15	<u>(19,395)</u>	<u>(17,189)</u>
Net current assets		<u>46,113</u>	<u>41,672</u>
Total assets less current liabilities		<u>49,932</u>	<u>44,968</u>
Creditors: amounts falling due after more than one year	16	(147)	(180)
		<u>49,785</u>	<u>44,788</u>
Net assets		<u>49,785</u>	<u>44,788</u>
Capital and reserves			
Called-up share capital	18	6,631	6,631
Share premium account	18	6,618	6,618
Profit and loss account		36,536	31,539
		<u>49,785</u>	<u>44,788</u>
Shareholders' funds		<u>49,785</u>	<u>44,788</u>

Directors' responsibilities:

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 8 February 2023.

They were signed on its behalf by:


Adrian Platt (Feb 8, 2023 08:43 GMT)

A Platt

Director

Sunrise Medical Limited

Statement of changes in equity For the year ended 30 June 2022

	Called-up share capital £000	Share premium Reserve £000	Profit and loss account £000	Total £000
At 1 July 2020	6,631	6,618	25,375	38,624
Profit for the financial year, being total comprehensive Income	-	-	6,164	6,164
At 30 June 2021	6,631	6,618	31,539	44,788
Profit for the financial year, being total comprehensive Income	-	-	4,997	4,997
At 30 June 2022	6,631	6,618	36,536	49,785

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

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. Reported values are all rounded to thousands of pounds.

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 De Lairesestraat 145a, 1075 HJ, 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.

Management has produced detailed budgets for the Company based on current economic and operational conditions (eg inflationary pressures, limited global availability of microchips, logistical issues with Asian supply chains) which have been reviewed by the directors. These demonstrate the Company is forecast to generate profits and cash in the year ending 30 June 2023. Performance beyond that is reviewed at a more macro level, and the Directors are confident the Company has sufficient cash reserves to enable it to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. As such, the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing these financial statements.

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.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

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:

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.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

(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 re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit and loss account 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.

a. 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

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

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 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 Company 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.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

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.

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.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

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 debts 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.

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.

	2022 £000	2021 £000
United Kingdom	48,459	38,298
Rest of Europe	6,298	8,028
Rest of World	437	873
	<u>55,194</u>	<u>47,199</u>

4. Net finance income

	2022 £000	2021 £000
Interest payable and similar expenses	(511)	(613)
Investment income	<u>1,314</u>	<u>1,295</u>
	<u>803</u>	<u>682</u>

	2021 £000	2022 £000
Other interest receivable and similar income	<u>1,314</u>	<u>1,295</u>

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

4. Net finance income (cont'd)

Interest payable and similar expenses

	2022 £000	2021 £000
Bank loans and overdrafts	511	613

5. Profit before taxation

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

	2022 £000	2021 £000
Depreciation of tangible fixed assets (note 11)	625	610
Amortisation of intangible assets (note 10)	559	873
Research and development	421	319
Operating lease rentals	963	855
Job Retention Scheme furlough grant	(1)	(130)
Foreign exchange(gain)/ loss	(8)	(136)
Loss/ (Gain) on disposal of fixed assets (note 11)	27	(53)
Cost of stock recognised as an expense	34,199	32,323

Auditor's remuneration

Fees payable to Mazars and their associates for the audit of the Company's financial statements were £46,175 (2021: £nil).

The non-audit services provided in the current year totalled nil (2021: £25,720).

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

6 Staff numbers and costs

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

	2022 Number	2021 Number
Production	84	81
Management and Administration	119	119
	<u>203</u>	<u>200</u>

Their aggregate remuneration comprised:

	2022 £000	2021 £000
Wages and salaries	9,561	8,546
Social security costs	941	782
Other pension costs (see note 20)	233	229
	<u>10,735</u>	<u>9,557</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 2022

7. Directors' remuneration and transactions

	2022 £000	2021 £000
Directors' remuneration		
Emoluments	555	628
Company contributions to money purchase pension schemes	14	14
	<u>569</u>	<u>642</u>
	2021 Number	2021 Number
The number of directors who:		
Are members of a money purchase pension scheme	<u>1</u>	<u>1</u>
	2022 £000	2021 £000
Remuneration of the highest paid director:		
Emoluments	328	385
Company contributions to defined contribution pension schemes	-	-
	<u>328</u>	<u>385</u>

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

8. Tax on profit

The tax expense comprises:

	2022 £000	2021 £000
Current tax on profit		
UK corporation tax	173	1,254
Adjustments in respect of prior years	(320)	(246)
Total current tax	(147)	1,008
Deferred tax		
Origination and reversal of timing differences	66	(226)
Adjustments in respect of prior years	368	226
Total deferred tax	434	-
Total tax on profit	287	1,008

The standard rate of tax applied to reported profit is 19.0 per cent (2021: 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:

	2022 £000	2021 £000
Profit before tax	5,284	7,172
Tax on profit at standard UK corporation tax rate of 19.00% per cent (2021: 19.0 per cent)	1,004	1,363
Effects of:		
- UK dividend received	(324)	-
- Expenses not deductible for tax purposes	5	9
- Group relief received for no payment	(401)	(283)
- Adjustments to tax expense in respect of previous periods	48	(20)
- Difference in current and deferred tax rates	16	-
- Research and development tax credits	(61)	(61)
Total tax (credit)/expense for year	287	1,008

The UK corporation tax rate for the year was 19.0% (2021: 19.0%). In March 2021, the UK Government announced an increase in the UK corporation tax rate to 25.0% from 1 April 2023. The increase in UK corporation tax rate was substantively enacted on 24 May 2021.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

9. Dividends

No dividend has been proposed nor paid for the year ended 30 June 2022.

10. Intangible Fixed Assets

	IT licences £000	Goodwill £000	Development costs £000	Total £000
Cost				
At 1 July 2021	4,068	8,270	1,716	14,054
Additions	580	-	135	715
Disposals	(6)	-	-	(6)
At 30 June 2022	<u>4,642</u>	<u>8,270</u>	<u>1,851</u>	<u>14,763</u>
Amortisation				
At 1 July 2021	3,066	8,270	877	12,213
Charge for the year	269	-	290	559
Disposals	(6)	-	-	(6)
At 30 June 2022	<u>3,329</u>	<u>8,270</u>	<u>1,167</u>	<u>12,766</u>
Net book value				
At 30 June 2021	<u>1,002</u>	<u>-</u>	<u>839</u>	<u>1,841</u>
At 30 June 2022	<u>1,313</u>	<u>-</u>	<u>684</u>	<u>1,997</u>

Development costs have been capitalised in accordance with the requirements of FRS 102 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 2022

11. 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					
At 1 July 2021	500	1,486	154	1,995	4,135
Additions	22	108	15	903	1,048
Disposals	-	(46)	-	(659)	(705)
At 30 June 2021	522	1,548	169	2,239	4,478
Depreciation					
At 1 July 2021	461	1,356	95	1,347	3,259
Charge for the year	7	84	16	518	625
Disposals	-	(46)	-	(603)	(649)
At 30 June 2022	468	1,394	111	1,262	3,235
Net book value					
At 30 June 2021	39	130	59	648	876
At 30 June 2022	54	154	58	977	1,243

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

12. Investments

	2022 £000	2021 £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	100% *
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 2021 & 30 June 2022	21,789
Provisions for impairment	
At 1 July 2021 & 30 June 2022	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.

During the year dividends of £1,705,269 (2021: nil) were received from Lomax Mobility Limited.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

13. Stocks

	2022 £000	2021 £000
Raw materials and consumables	7,598	6,308
Work in progress	133	-
Finished goods and goods for resale	4,722	2,601
	<u>12,453</u>	<u>8,909</u>

14. Debtors

	2022 £000	2021 £000
Amounts falling due within one year:		
Trade debtors	9,295	6,422
Amounts owed by group undertakings	42,545	42,070
Corporation Tax	391	-
Deferred Tax	-	339
Other debtors	55	4
Prepayments and accrued income	769	1,117
	<u>53,055</u>	<u>49,952</u>

Included within amounts owed by group undertakings are intercompany loans receivable from intermediary parent/parent of £17,606,000 (2021: £14,644,000) and from fellow subsidiaries of £23,017,000 (2021: £21,513,000). These loans are unsecured and bear interest at rates of 5% (2021: between 5% and 6.28%). The remaining balance is in respect of ordinary trade receivables which are unsecured and non-interest bearing

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

15. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Bank overdraft	-	151
Trade creditors	5,989	5,549
Amounts owed to group undertakings	7,683	6,040
Corporation tax	-	556
Other taxation and social security	2,235	2,081
Deferred tax	96	-
Other creditors	2,040	1,693
Accruals and deferred income	1,352	1,119
	<u>19,395</u>	<u>17,189</u>

Included within amounts owed to group undertakings are intercompany loans payable to intermediary parent/parent of £902,000 (2021: £488,000) and fellow subsidiaries of £4,122,000 (2021: £3,925,000). These loans are unsecured and bear interest at 5% (2021: 5%). The remaining balance is in respect of ordinary trade payables which are unsecured and non-interest bearing.

Deferred tax

Deferred tax is recognised as follows:

	2022 £000	2021 £000
Decelerated capital allowances	(98)	(335)
Intangible temporary differences	200	-
Other timing differences	(6)	(4)
Deferred tax liability / (asset)	<u>96</u>	<u>(339)</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.

16. Creditors; Amounts falling due after more than one year

Other creditors	<u>147</u>	<u>180</u>
-----------------	------------	------------

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

17. Financial instruments

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

	2022 £000	2021 £000
Financial assets		
Measured at undiscounted amount receivable		
• Amounts owed by other group undertakings (see note 14)	42,545	42,070
• Trade debtors (see note 14)	9,295	6,422
	<u>51,840</u>	<u>48,492</u>
Financial liabilities		
Measured at undiscounted amount payable		
• Amounts owed to other group undertakings (see note 15)	7,683	6,040
• Trade creditors (see note 15)	5,989	5,549
	<u>13,672</u>	<u>11,589</u>

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

18. Called-up share capital and reserves

	2022 £000	2021 £000
Allotted, called-up and fully-paid 6,631,235 ordinary shares of £1 each	<u>6,631</u>	<u>6,631</u>

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.

The share premium reserve represents the premium above par value on the issue of 376,780 new 31 ordinary shares in year ended 30 June 2018.

Sunrise Medical Limited

Notes to the financial statements For the year ended 30 June 2022

19. Financial commitments

Capital commitments are as follows:

	2022 £000	2021 £000
Contracted for but not provided acquisition of tangible assets	-	181

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

	2022		2021	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
- within one year	491	138	491	186
- between one and five years	1,965	277	2,210	172
- after five years	245	-	491	-
	<u>2,701</u>	<u>415</u>	<u>3,192</u>	<u>358</u>

20. 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 2022 was £232,828 (2021: £228,564).

At 30 June 2022 £13,338 was included in creditors (2021: £11,882) in respect of these contributions.

21. 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.

22. 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 B.V. The registered address for this entity is De Lairesestraat 145a, 1075 HJ, Amsterdam, Netherlands.