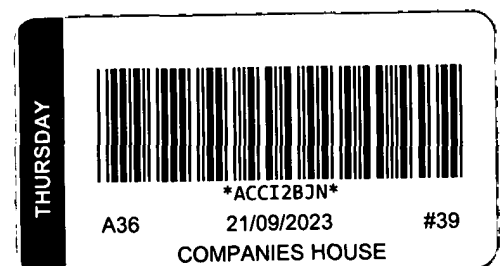


Performance Health International Limited
Annual report and financial statements
for the year ended 31 December 2022

Registered number: 04374752



Performance Health International Limited

Annual report and financial statements for the year ended 31 December 2022

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Performance Health International Limited

Directors and advisors

Directors

A Booker
G Blair
S Hall (appointed 1 July 2022)

Company Secretary

A Booker

Independent auditor

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
1 Holly St
Sheffield
S1 2GT

Registered office

Nunn Brook Road
Huthwaite
Sutton in Ashfield
Nottinghamshire
NG17 2HU

Solicitors

Eversheds LLP
116-188 Canal Street,
Nottingham,
NG1 7HF

Performance Health International Limited

Strategic report for the year ended 31 December 2022

The Directors present their strategic report of the company for the financial year ended 31 December 2022.

Business review and principal activities

The principal activity of the company is to supply occupational therapy products and rehabilitation equipment solutions to improve independence and quality of life for disabled people and the elderly.

Performance Health International is an established business within the rehabilitation market.

Results and performance

The company suffered a loss before taxation for the year of £1,789,000 (2021: loss £1,983,000).

The net loss for the financial year was £1,614,000 (2021: loss £1,843,000).

The results of the business reflect growth in turnover as anticipated post pandemic, however margin percentage worsened due to the impact of inflation and global increases in freight costs. Management continue to implement mitigating actions to reduce the impact of these external factors.

Key performance indicators (KPIs)

	2022 (%)	2021 (%)	
Growth/(reduction) in Turnover	5.2	(5.5)	Turnover growth as anticipated, post pandemic.
Gross margin %	20.3	22.4	Margins adversely impacted by sales mix, volume reduction and global increases in freight costs.
Operating margin %	(5.1)	(5.9)	Operating margin loss improved slightly on prior year due to cost reduction activities.

Future developments

The company's overriding objective is to deliver growth in its core markets of rehabilitation, mobility and assistive living.

Research and development activities

There have been no research and development activities during the trading year (2021: £nil).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are set out below.

The Directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to price, credit, product integrity and market conditions. They are confident that there are suitable policies in place and that there are no material risks or uncertainties.

Performance Health International Limited

Strategic report

for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

Risks

- *Competition*
The company operates in a highly competitive market. Risk is mitigated through a highly developed value added service to customers and a dynamic product range.
- *Supply Chain*
The company mitigates the risk of supply chain disruption through effective supplier selection and procurement practices.
- *Foreign Exchange*
The company buys and sells products around the world and is therefore exposed to fluctuations in exchange rates. The risk is partially mitigated through offsetting revenue and expense streams, longer term exchange movements are addressed through pricing.
- *Employee performance*
The company's performance is reliant on its management and staff. Risk is mitigated through effective recruitment and HR policies.
- *Impact of Brexit*
Following the outcome of the 2016 referendum, the United Kingdom left the European Union ("Brexit") as of 31 December 2022. Management continue to navigate the impact of the departure.
- *Russia-Ukraine War*
The business has considered the impact of the Russia-Ukraine War on its operations and does not deem there to be a material risk of financial, supply chain or other disruption to the Company.

Financial risk management

The company's operations expose it to a variety of financial risk that include credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company.

In order to ensure stability of cash out flows and hence manage interest rate risk, the company has a policy of borrowing funds from within the Lanai Holdings III Inc. group of companies with fixed interest rates.

Risks

- *Price.* The company is exposed to commodity price risk as a result of its operations. This is mitigated through a strategy of progressive pricing and flexible sourcing. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.
- *Credit.* The company has implemented policies that require appropriate credit checks on potential customers before sales are made. There are regular assessments of exposed credit to individual customers and revised limits are signed off by senior management.

Performance Health International Limited

Strategic report for the year ended 31 December 2022 (continued)

Financial risk management (continued)

- *Liquidity.* The company has no liquidity problems in funding working capital.
- *Interest rate cash flow risk.* The company has only inter group loans with fixed interest rates.

Director's duties

The Directors of the Company, as those of all UK Companies, must act in accordance with a set of general duties. These duties are set out in Section 172 of the UK Companies Act 2006.

The following paragraphs summarise how the Directors fulfil their duties:

The Company is committed to being a responsible business. Our behaviours are underpinned by 3 key values; we always operate with the highest integrity, we work collaboratively and we are passionate about achieving results. These common values guide our behaviour and are actively encouraged in our dealings with Company staff, customers, suppliers and our wider stakeholders.

The Directors maintain established processes with relation to the identification, evaluation and monitoring of the risks and uncertainties facing the company. Details on the principal risks and uncertainties facing the Company are set out in the Strategic Report.

The Directors are committed to openly engaging with the Company's shareholders and are committed to ensuring that the strategy and objectives of the business are communicated effectively, this is performed via a wide range of frequent monthly communications to employees and at a Board level with external shareholders.

On behalf of the Board

S Hall
Director
14 June 2023

Sophie Hall

Performance Health International Limited

Directors' report for the year ended 31 December 2022

The Directors present their report and the audited financial statements of the company for the financial year ended 31 December 2022.

Dividends

Dividends of £46,000 were paid in the year (2021: £47,000).

Directors

The Directors of the company who served in the financial year and up to the date of approval of the financial statements are:

A Booker

G Blair

S Hall (appointed 1 July 2022)

Directors' indemnity

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

Going concern

After making due enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for this reason, the going concern basis continues to be adopted in preparing the financial statements. In reaching this conclusion, the directors have considered the financial position of the Company and the funding facilities in place.

The directors have undertaken a review of the Company's forecasts up to June 2024, associated risks and sensitivities. The company is forecasting a profitable 2024 and the most recent 2023 results are consistent with and support the views made in the forecasts.

In addition to the above, confirmation of financial support as is necessary to enable the company to meet its obligations as they fall due has been received from the parent group should it be required.

For these reasons, the directors do not believe there is a material uncertainty that may cast doubt on the company's ability to continue as a going concern.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Performance Health International Limited

Directors' report for the year ended 31 December 2022 (continued)

Directors' responsibilities statement (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

Auditor

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

This report was approved by the Board and signed on its behalf by:

S Hall

Director

14 June 2023

Sophie Hall

Performance Health International Limited

Independent auditor's report to the members of Performance Health International Limited

Opinion

We have audited the financial statements of Performance Health International Limited (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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 Strategic Report and Directors Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Strategic Report and Directors 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.

Performance Health International Limited

Independent auditor's report to the members of Performance Health International Limited (continued)

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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.

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Performance Health International Limited

Independent auditor's report to the members of Performance Health International Limited (continued)

- The company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; financial reporting legislation (FRS102 and Companies Act 2006) and tax legislation. In addition, we concluded that there are certain significant laws and regulations that may influence the determination of the amounts and disclosures in the financial statements and those are laws and regulations relating to health and safety and employee matters.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making enquiries of management. We enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries with those charged with governance and our legal and professional expenses review.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by discussions with management to understand where management considered there is a susceptibility to fraud.

Audit procedures performed by the engagement team included:

- evaluation of the controls established to address the risks related to irregularities and fraud;
- testing manual journal entries, in particular journal postings relating to the year end accounting entries and those determined to be large or relating to unusual transactions based on our understanding of the business;
- identifying and testing related party transactions;
- completion of audit procedures to conclude on the compliance of disclosures in the Strategic Report and Directors Report and accounts with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- We assessed the appropriateness of the collective competence and capabilities of the engagement team including the consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation and knowledge of the industry in which the company operates.

All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.

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.

Performance Health International Limited

Independent auditor's report to the members of Performance Health International Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Peter Edwards
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield

Date: 14/6/2023

Performance Health International Limited

Profit and loss account for the year ended 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Turnover	5	34,968	33,251
Cost of sales		(27,883)	(25,792)
Gross profit		7,085	7,459
Distribution costs		(4,804)	(4,451)
Other administrative expenses		(4,070)	(4,957)
Operating loss		(1,789)	(1,949)
Interest payable and similar charges	9	-	(34)
Loss before taxation		(1,789)	(1,983)
Tax on loss	10	175	140
Loss for the financial year		(1,614)	(1,843)

The company has no other comprehensive income other than those included in the results above.

All activities relate to continuing operations.

The notes on pages 14 to 29 form part of the financial statements.

Performance Health International Limited

Balance sheet as at 31 December 2022

Company number: 04374752

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	11	7,681	9,132
Tangible assets	12	4,925	5,095
		12,606	14,227
Current assets			
Inventories	14	10,851	8,691
Debtors	15	7,205	6,940
Cash at bank and in hand		6,485	7,616
		24,541	23,247
Creditors: amounts falling due within one year	16	(12,803)	(11,470)
Net current assets		11,738	11,777
Total assets less current liabilities		24,344	26,004
Net assets		24,344	26,004
Capital and reserves			
Called up share capital	19	4,465	4,465
Other reserves		20,717	20,717
Profit and loss account		(838)	822
Total shareholders' funds		24,344	26,004

The notes on pages 14 to 29 form part of the financial statements.

The financial statements on pages 11 to 29 were approved by the board of Directors on 14 June 2023 and are signed on its behalf by:

Sophie Hall

S Hall
Director

Performance Health International Limited

Statement of changes in equity for the year ended 31 December 2022

	Note	Called-up share capital £'000	Other reserves £'000	Profit & loss account £'000	Total £'000
Balance as at 1 January 2021		-	20,717	2,712	23,429
Loss for the year		-	-	(1,843)	(1,843)
Total comprehensive expense for the year		-	-	(1,843)	(1,843)
Dividends paid	19	-	-	(47)	(47)
Share issue	19	4,465	-	-	4,465
Total transactions with owners, recognised directly in equity		4,465	-	-	4,465
Balance as at 31 December 2021		4,465	20,717	822	26,004
Balance as at 1 January 2022		4,465	20,717	822	26,004
Loss for the year		-	-	(1,614)	(1,614)
Total comprehensive expense for the year		-	-	(1,614)	(1,614)
Dividends paid	19	-	-	(46)	(46)
Total transactions with owners, recognised directly in equity		-	-	-	-
Balance as at 31 December 2022		4,465	20,717	(838)	24,344

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022

1. General Information

The company is a private company limited by shares and is incorporated in England. The address of its registered office is Nunn Brook Road, Huthwaite, Sutton-in-Ashfield, Nottinghamshire, NG17 2HU.

2. Statement of compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

After making due enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for this reason, the going concern basis continues to be adopted in preparing the financial statements. In reaching this conclusion, the directors have considered the financial position of the Company and the funding facilities in place.

The directors have undertaken a review of the Company's forecasts up to June 2024, associated risks and sensitivities. The company is forecasting a profitable 2024 and the most recent 2023 results are consistent with and support the views made in the forecasts.

In addition to the above, confirmation of financial support as is necessary to enable the company to meet its obligations as they fall due has been received from the parent group should it be required.

For these reasons, the directors do not believe there is a material uncertainty that may cast doubt on the company's ability to continue as a going concern.

Exemptions for qualifying entities

The company is a wholly owned subsidiary of Performance Health Global Limited and of its ultimate parent, Lanai Holdings III, Inc. It is included in the consolidated financial statements of Lanai Holdings III, Inc.

Copies of the Lanai Holdings III, Inc group financial statements can be obtained from 28100 Torch Parkway, Suite 700, Warrenville, IL 60555-3938 USA.

As a qualifying entity, the company has taken advantage of the following exemptions:

Consolidation

The company is exempt by virtue of section 401 of the Companies Act 2006. The financial statements therefore present information about the company as an individual undertaking, and not about its group.

Cash flow statement

The company is exempt under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Lanai Holdings III, Inc, includes the company's cash flows in its own consolidated financial statements.

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3. Summary of significant accounting policies (continued)

Exemptions for qualifying entities (continued)

Key management personnel compensation

The company has taken advantage of the exemption from disclosing the company's key management personnel compensation as required by FRS 102 paragraph 33.7.

Financial instruments

The company is exempt under FRS 102 paragraph 1.12(c), from disclosing Financial Instrument information on the basis that it is a qualifying entity and its ultimate parent company, Lanai Holdings III, Inc, includes disclosure of financial instruments in its own consolidated financial statements.

Related party transactions

The company is exempt under FRS 102 paragraph 1.12(e), from disclosing related party transactions with wholly owned subsidiaries of the group on the basis that it is a qualifying entity and the financial statements of its ultimate parent company, Lanai Holdings III, Inc, are publicly available.

Foreign currency

Functional and presentation currency

The company's functional and presentation currency is the pound sterling. The financial statements are presented in £'000.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from settlement of transactions and from the retranslation at period end exchange rates of monetary items, are recognised in the profit and loss account within 'administrative expenses'.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts, rebates and value added tax.

Revenue is recognised when the risks and rewards of ownership transfer to a third party.

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3. Summary of significant accounting policies (continued)

Taxation

Current taxation

Current tax is the expected tax payable for the year, using rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred taxation

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 have occurred at that date, that will result in an obligation to pay more, or right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse.

Intangible assets

Intangible assets are held at cost less amortisation over lives ranging between 3 and 10 years. Amortisation is recognised in the profit and loss account within 'administrative expenses'.

Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Goodwill

Goodwill represents the excess of fair value of the identifiable net assets acquired over the fair value of consideration given.

Tangible fixed assets

Tangible fixed assets are held at cost less depreciation, cost includes the purchase price and costs of bringing the assets into use. Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. Any impairment loss is recognised in the profit and loss account.

Depreciation is recognised in the profit and loss account within 'administrative expenses' and is calculated on the following bases:

- Freehold land is not depreciated.
- Freehold buildings are depreciated on a straight-line basis over 50 years.
- Plant, equipment and vehicles are depreciated over lives ranging between 3 and 20 years by equal annual instalments to write down the assets to their estimated disposal value at the end of their working lives.

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3. Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs comprise interest expense on borrowings. Borrowing costs are recognised in the profit and loss account as incurred.

Leases

Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less accumulated impairment losses.

Inventories

Inventories are stated at the lower of cost and estimated selling price. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost includes the purchase price, import duties and transport directly attributable to bringing inventory to its present location and condition.

Inventories are reviewed for impairment. If the selling price of the inventory is estimated to be lower than cost, the inventory is reduced to its selling price. Any impairment loss is recognised in the profit and loss account.

Financial instruments

The company has chosen to adopt FRS 102 section 11 in respect of basic financial instruments.

Initial Measurement

Basic financial assets and liabilities, including trade receivables and payables, cash and bank balances, are initially recognised at transaction price.

Subsequent Measurement

Such assets and liabilities are subsequently carried at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of each reporting period financial assets are assessed for impairment. If an asset is impaired an impairment loss is recognised in the profit and loss account.

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

Financial instruments (continued)

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows are settled.
Financial liabilities are derecognised when the liability is extinguished.

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved. These amounts are recognised in the statement of changes in equity.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the entity's accounting policies

There are no critical accounting judgements in the financial statements.

b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually.

They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and physical condition of the assets.

See note 12 for the carrying amount of tangible assets and note 3 for the useful economic lives for each class of asset.

Inventory provisioning

The company calculates its inventory provision requirement based on the age and condition of the inventory, sales history and forecasts of future sales.

See note 14 for the net carrying amount of inventory and inventory provision.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors and historical experience. See note 15 for the net carrying amount of debtors and debtor provision.

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

5. Turnover

Turnover derives from the sale of goods to the following geographical locations:

	2022 £'000	2021 £'000
United Kingdom	23,924	22,377
Continental Europe	9,263	9,081
Rest of world	1,781	1,793
	34,968	33,251

6. Operating loss

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

	2022 £'000	2021 £'000
Amortisation of intangible assets (note 11)	1,451	1,852
Depreciation of owned fixed assets (note 12)	230	242
Operating lease charges	475	442
Inventory recognised as an expense	21,314	19,009
Loss on foreign exchange	893	255
Audit services	68	62

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

7. Employees

	2022	2021
	£'000	£'000
Wages and salaries	4,637	4,533
Social security costs	537	533
Other pension costs	241	228
	5,414	5,294

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

	2022	2021
	Number	Number
Marketing, selling and distribution	89	87
Administration	40	38
	129	125

8. Directors' emoluments

There were three directors paid by the company during the year (2021: three).

	2022	2021
	£'000	£'000
Aggregate emoluments, excluding pension contributions	597	755
Pension contributions	39	41
Total emoluments	636	796

Emoluments of highest paid director, excluding pension contributions	277	295
Pension contributions of highest paid director	19	9
Total emoluments of highest paid director	296	304

No compensation for loss of office was paid in 2022 (2021: £nil).

There are three directors accruing retirement benefits under the defined contribution scheme (2021: Two).

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

9. Interest payable and similar charges

	2022 £'000	2021 £'000
Bank interest payable	-	34
Total interest payable and similar charges	-	34

10. Tax on loss

	2022 £'000	2021 £'000
Current Taxation		
Foreign Tax –current period	18	21
Adjustments in respect of prior periods	(5)	-
Total current tax	13	21
Deferred Taxation		
Origination and reversal of timing differences	(140)	(133)
Adjustments in respect of prior periods	(4)	-
Effect of tax rate change on opening balance	(44)	(28)
Total deferred tax (note 18)	(188)	(161)
Tax on loss on ordinary activities	(175)	(140)

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

10. Tax on loss on ordinary activities (continued)

The tax assessed for the period is higher (2021: higher) than the standard rate applying in the UK. The differences are explained below.

	2022	2021
	£'000	£'000
Loss on ordinary activities before tax	(1,790)	(1,983)
Loss on ordinary activities at the UK tax rate 19% (2021:19%)	(340)	(377)
Effects of:		
Expenses not deductible for tax purposes	4	3
Fixed asset timing differences	196	273
Foreign Tax	18	21
Movement in deferred tax	(53)	(60)
Total tax credit for the period	(175)	(140)

Deferred tax has been provided for at 25%.

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11. Intangible Assets

	Goodwill	Computer Software	Total
	£'000	£'000	£'000
Cost:			
At 1 January 2022 and 31 December 2022	31,337	1,293	32,630
Accumulated amortisation:			
At 1 January 2022	(22,749)	(749)	(23,498)
Charge for the financial year	(1,193)	(258)	(1,451)
At 31 December 2022	(23,942)	(1,007)	(24,949)
Net book value:			
At 31 December 2022	7,395	286	7,681
At 31 December 2021	8,588	544	9,132

The goodwill arose on the acquisition of Days Healthcare UK Limited in June 2010, the hive-up of Physio Med Services Limited in December 2010 and the hive up of County Footwear UK Limited, Halo Healthcare Limited and Mobilis Healthcare Group Limited in December 2009. The remaining amortisation period is 8 years.

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

12. Tangible fixed assets

	Land and Buildings Freehold	Plant, Equipment & Vehicles	Total
	£'000	£'000	£'000
Cost:			
At 1 January 2022	7,604	3,265	10,869
Additions	-	60	60
At 31 December 2022	7,604	3,325	10,929
Accumulated Depreciation:			
At 1 January 2022	(2,820)	(2,954)	(5,774)
Charge for the period	(108)	(122)	(230)
At 31 December 2022	(2,928)	(3,076)	(6,004)
Net book value:			
At 31 December 2022	4,676	249	4,925
At 31 December 2021	4,784	311	5,095

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

13. Investments in subsidiary undertaking

	£'000
Cost At 31 December 2022 and 31 December 2021	86
Provision for impairment 31 December 2022 and 31 December 2021	(86)
At 31 December 2022 and 31 December 2021	-

Company	Registered address	Holding	Nature of business	Country of incorporation
Sacedi Sport & Sante	11 Avenue de L'industrie, Carleville-Mezieres Cedex	100%	Trading	France

14. Inventories

	2022	2021
	£'000	£'000
Finished goods and goods for resale	10,851	8,691

Inventories are stated after provisions for impairment of £408,000 (2021: £442,000).

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

15. Debtors

	2022	2021
	£'000	£'000
Trade debtors	5,102	4,884
Amounts owed by immediate parent undertaking	426	426
Amounts owed by other group undertakings	633	1,216
Prepayments and accrued income	228	164
Taxation and Social security	378	-
Deferred taxation (note 18)	438	250
	7,205	6,940

Amounts owed by immediate parent undertaking are unsecured, interest free and repayable on demand.

Amounts owed to other group undertakings are:

£296,000 unsecured, interest free, repayable on demand. (2021: £296,000).

£337,000 for the purchase of goods and services under normal arm's length trading terms (2021: £919,000).

Trade debtors are stated after provisions for impairment of £93,000 (2021: £58,000).

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

16. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	1,112	1,912
Amounts owed to other group undertakings	8,272	5,264
Accruals and deferred income	3,260	4,169
Corporation tax	5	3
Taxation and social security	154	122
	12,803	11,470

Amounts owed to group undertakings are for the purchase of goods and services under normal arm's length trading terms, interest free and repayable on demand.

18. Deferred Taxation

	2022	2021
	£'000	£'000
Deferred taxation asset	439	250

	2022	2021
	£'000	£'000
Deferred taxation		
At 1 January	250	89
Profit and loss account (note 10)	189	161
At 31 December	439	250

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

18. Deferred Taxation (continued)

The deferred taxation liability consists of the following amounts:

	2022 £'000	2021 £'000
Accelerated capital allowances	77	86
Short term timing differences	29	15
Losses and other deductions	333	149

As a result of the hive up of Mobilis Healthcare Group Limited in December 2009, a number of tax losses were transferred to the company.

No deferred tax asset has been recognised with respect to these losses (2021: £nil), because the directors believe there is insufficient evidence to support recognition.

The potential unrecognised deferred tax asset is £3,132,000 (2021: £3,132,000).

19. Share capital

Ordinary shares of £1 each

Allotted, issued and fully paid:	Number	£
At 31 December 2021 and 31 December 2022	4,465,450	4,465,450

All shares rank pari passu in all respects.

Other reserves relate to a capital contribution made by Patterson Companies Inc, on 25 August 2015.

On 12 July 2021, the Company issued 4,465,250 ordinary shares with a nominal value of £1 each.

Dividends	2022 £'000	2021 £'000
Equity – Ordinary		
Interim dividend of £0.01 per share (2021: £0.01)	46	47
Total dividends paid	46	47

The Directors assessed the distributable reserves of the Company at the point of paying the dividend and were satisfied that sufficient reserves were available.

Performance Health International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

20. Financial commitments

There were no financial or capital commitments contracted but not paid for at the period end (2021: £nil).

21. Operating leases

The future minimum operating leases payments are set out below:

	2022	2021
	£'000	£'000
Not later than one year	333	264
Later than one year and not later than five years	1,068	79
Total minimum payments	1,401	343

22. Ultimate parent undertaking and controlling party

The immediate parent company of the company is Performance Health Global Limited, a company incorporated in the United Kingdom.

Performance Health Holdings, Inc is the company's ultimate parent company. Madison Dearborn Partners Inc is the company's ultimate controlling party.

The results of the company are consolidated into the financial statements of Performance Health Holdings, Inc, a company incorporated in the United States of America. This is the smallest and largest group the company is consolidated into.

Copies of the Performance Health Holdings, Inc group financial statements can be obtained from 28100 Torch Parkway, Suite 700, Warrenville IL 60555-3938 USA.