

Invacare Limited

Report and Financial Statements

30 November 2014

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COMPANIES HOUSE

Directors

T Vassiloudis
M Prosser
R Gudbranson

Secretary

K C McCarthy

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Bankers

Bank of America
26 Elmfield Road
Bromley
Kent
BR1 1WA

Registered Office

Pencoed Technology Park
Pencoed
Bridgend
CF35 5AQ

Strategic Report

The directors present their strategic report for the year ended 30 November 2014.

Review of the business

The company's principal activities during the year continued to be the marketing and sale of healthcare equipment. The results for the year and financial position of the company are as shown in the annexed financial statements. The key financial and other performance indicators during the year were as follows:

	2014 £'000	2013 £'000	2012 £'000
Turnover	63,539	63,754	62,419
Average number of employees	119	115	111

Invacare Limited manages its operations as a single business. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the company are broadly grouped as – competitive, legislative and financial instrument risk.

- **Competitive Risks** – In the UK the Company is reliant on certain major local authorities for contracts that are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.
- **Legislative Risks** – In the UK the Company's products must comply with the Medical Devices Authorities (MDA) legal requirements.
- **Financial Instrument Risks** – Cash flow management and key performance indicators are monitored regularly so as to limit any such exposure. Forward contracts are entered into to limit foreign exchange losses.

By order of the Board



K C McCarthy

Secretary

Date:

17-08-15

Directors Report

Registered No. 5178693

The Directors present their report for the year ended 30 November 2014.

Directors of the company

The current directors are shown on page 1.

Future Developments

The directors aim to maintain the management policies which have resulted in the company's growth in recent years. They consider 2015 will show further growth in sales from its operations.

Environment

Invacare Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and has designed and implemented policies to reduce any damage that might be caused by the company's activities. The company operates in accordance with group policies, which are described in the group's annual report which does not form part of this report. Initiatives have been designed to minimise the company's impact on the environment and these include the safe disposal of manufacturing waste, recycling and reducing energy consumption.

Results and dividends

The company reported a profit after tax of £1,589,000 (2013: £1,579,000) which was transferred to reserves. The directors do not recommend payment of a dividend. (2013: £2,000,000).

Employees

Employees at the end of financial year 2014 stood at 122 (2013: 114). The average number of employees employed in the year was 119 (2012: 115).

Employment of disabled persons

It is the company's policy to offer equal opportunities to disabled persons applying for vacancies, having regard to their aptitudes and abilities relating to the positions for which they apply. As far as possible, arrangements are made to continue the employment of those employees who have become disabled during the course of their employment with the company. In all instances, consideration will be given to arranging appropriate training facilities or providing special aids where necessary. It is the company's policy to provide disabled persons with the same opportunities for training, career development and promotion that are available to all employees, within their capabilities.

Employee consultation

The company utilises a number of methods to communicate and consult with employees. These methods include an open forum with the directors, work councils, and notice boards. Further, there are formal negotiations and consultations with recognised Trade Unions.

Going Concern

Invacare UK Operations Limited is dependent on its trading performance. In determining that the company's financial statements should be prepared on a going concern basis, the directors considered all the factors likely to affect the future development, performance and financial position of the markets and customers that the company services, including funding the risks and uncertainties applicable to its business and manufacturing activities.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors Report (continued)

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP will be proposed in accordance with section 485 of the Companies Act 2006.

By order of the Board



K C McCarthy

Secretary

Date:

17-08-15

Statement of directors' responsibilities in respect of the financial statements

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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 Invacare Limited

We have audited the company's financial statements for the year ended 30 November 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications in our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report

to the members of Invacare Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Ernst & Young LLP

Jane Barwell (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date: *27 August 2015*

Profit and loss account

for the year ended 30 November 2014

	<i>Note</i>	<i>2014</i> £'000	<i>2013</i> £'000
Turnover	2	63,539	63,754
Cost of sales		(55,309)	(55,895)
Gross profit		8,230	7,859
Other operating expenses		(6,181)	(5,769)
Operating profit	4	2,049	2,090
Interest receivable and similar income	5	20	12
Interest payable and similar charges	6	(27)	(29)
Profit on ordinary activities before taxation		2,042	2,073
Tax on profit on ordinary activities	7	(453)	(494)
Profit for the financial year after taxation	12	1,589	1,579

None of the company's activities were acquired or discontinued during the current or previous year.

Statement of total recognised gains and losses

for the year ended 30 November 2014

There were no other recognised gains or losses attributable to the shareholders of the company for the current or preceding year other than as stated above.

Balance sheet

at 30 November 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	44	55
Current assets			
Debtors	9	14,737	13,543
Cash at bank and in hand		162	180
		14,899	13,723
Creditors: amounts falling due within one year	10	(6,622)	(7,046)
Net current assets		8,277	6,677
Total assets less current liabilities		8,321	6,732
Capital and Reserves			
Called up share capital	11	50	50
Profit and loss account	12	8,271	6,682
Shareholder's funds	12	8,321	6,732

Approved by the Board


M Prosser
Director

Date:

17-08-15

Notes to the financial statements

at 30 November 2014

1. Accounting policies

Basis of preparation

These financial statements have been prepared on a going concern basis; and under the historical cost convention; and in accordance with law and applicable accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice). The principal accounting policies which have been continually followed are set out below.

Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

Fixtures and fittings	-	5 years
Vehicles, plant and equipment	-	3 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred tax

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 the date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the period are reported at the rates of exchange ruling at the period end.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Pension costs

The company operates a group personal pension plan. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the plan.

Product warranties

Provision is made for all known product warranty claims, together with a general provision based upon past experience of warranty claims.

Cash flow statement

The company has taken advantage of the exemption granted under Financial Reporting Standard No 1 (Revised) not to produce a cash flow statement as it is a 100% subsidiary of a company producing consolidated financial statements which are publicly available.

Notes to the financial statements

at 30 November 2014

2. Turnover

Turnover comprises the value of sales, excluding VAT, of goods and services supplied in the normal course of business, including sales to other group companies.

Turnover is attributable to one continuing activity, the sale of mobility equipment including manual and power wheelchairs, hoists and rehabilitation equipment.

Analysis of turnover by geographical market is given below:

	2014 £'000	2013 £'000
United Kingdom/Ireland	61,536	62,334
Europe	117	125
Rest of the World	1,886	1,295
	<u>63,539</u>	<u>63,754</u>

3. Staff costs

	2014 £'000	2013 £'000
Wages and salaries	3,751	3,497
Social security costs	361	337
Other pension costs	238	212
	<u>4,350</u>	<u>4,046</u>

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

	2014 No.	2013 No.
Sales and administration	119	115

	2014 £'000	2013 £'000
Directors' emoluments	178	172
Directors' pension contributions to stakeholder schemes	12	12

	2014 No.	2013 No.
Members of stakeholder pension schemes	1	1

Notes to the financial statements

at 30 November 2014

4. Operating profit

The operating profit is stated after charging:

	2014 £'000	2013 £'000
Hire of plant and machinery	4	2
Other operating leases	314	301
Depreciation - owned assets	33	31
Auditors' remuneration	-	-
	<u>351</u>	<u>334</u>

Audit fees for the Invacare Group's UK operations are borne by Invacare UK Operations Ltd.

5. Interest receivable and similar income

	2014 £'000	2013 £'000
Bank interest receivable	17	14
Foreign currency	2	(2)
Prompt payment discount	1	-
	<u>20</u>	<u>12</u>

6. Interest payable and similar charges

	2014 £'000	2013 £'000
Bank charges	26	27
Foreign currency	1	2
	<u>27</u>	<u>29</u>

Notes to the financial statements

at 30 November 2014

7. Taxation

a) Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2014 £'000	2013 £'000
UK corporation tax	459	491
Tax under provided in previous years	-	2
Total current tax	459	493
Deferred tax reversal of timing differences	(6)	1
Tax on profit on ordinary activities	453	494

b) Factors affecting the current tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.66% (2013: 23.33%). The difference is explained below

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	2,042	2,073
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.66% (2013:23.33%)	442	484
Effects of:		
Disallowed expenses and non-taxable income	10	8
Capital allowances in excess of depreciation	-	(1)
Movement in short term timing differences	7	-
Prior year adjustment	-	2
Current tax charge	459	493

Notes to the financial statements

at 30 November 2014

7. Taxation (continued)

c) Deferred taxation:

The movements in deferred taxation during the year are as follows:

	<i>Deferred tax</i> £'000
As at 1 December 2013	5
Deferred tax in profit and loss account	6
	<hr/>
At 30 November 2014	11
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The deferred tax asset calculated is dealt with in the financial statements as follows:

	<i>2014</i> £'000	<i>2013</i> £'000
Depreciation in excess of capital allowances	2	2
Other short-term differences	9	4
	<hr/>	<hr/>
Deferred tax asset	11	6
	<hr/> <hr/>	<hr/> <hr/>

The main rate of corporation tax reduced from 23% to 21% from 1 April 2014. This will fall to 20% from 1 April 2015 and consequently deferred tax has been calculated at the year end using a tax rate of 20%.

Notes to the financial statements

at 30 November 2014

8. Tangible fixed assets

	<i>Vehicle, Plant and equipment</i> £'000	<i>Fixtures and fittings</i> £'000	<i>Total</i> £'000
<i>Cost:</i>			
At 1 December 2013	172	54	226
Additions	22	-	22
Disposals	(5)	-	(5)
At 30 November 2014	189	54	243
<i>Depreciation:</i>			
At 1 December 2013	124	47	171
Charge for the year	26	7	33
Disposals	(5)	-	(5)
At 30 November 2014	145	54	199
<i>Net book value:</i>			
At 30 November 2014	44	-	44
At 30 November 2013	48	7	55

9. Debtors: amounts falling due within one year

	<i>2014</i> £'000	<i>2013</i> £'000
Trade debtors	8,355	8,478
Amounts owed by group undertakings	6,044	4,790
Prepayments and accrued income	327	269
Deferred tax	11	6
	14,737	13,543

Notes to the financial statements

at 30 November 2014

10. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	344	415
Amounts owed to group undertakings	5,062	5,414
Corporation tax	280	263
Social security and other taxes	118	111
VAT	287	291
Accruals and deferred income	531	552
	<u>6,622</u>	<u>7,046</u>

11. Called up share capital

	2014 £'000	2013 £'000
<i>Allotted, issued and fully paid:</i>		
49,607 Ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>

12. Reconciliation of shareholders' funds and movement on reserves

	Share capital £'000	Profit and loss account £'000	Total share- holders' funds £'000
At 1 December 2012	50	7,103	7,153
Profit for the year	-	1,579	1,579
Dividend paid within the year	-	(2,000)	(2,000)
At 30 November 2013	<u>50</u>	<u>6,682</u>	<u>6,732</u>
Profit for the year	-	1,589	1,589
At 30 November 2014	<u>50</u>	<u>8,271</u>	<u>8,321</u>

13. Related party disclosures

The company has taken advantage of the exemption under FRS 8 as a subsidiary undertaking which is wholly owned by the ultimate parent undertaking.

Notes to the financial statements

at 30 November 2014

14. Pension commitments

During the year the company operated a group Personal Pension Scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions to the scheme range from 3% to 5% of pay for employees whilst those for the employer range from 4.6% to 9.9%. There were accrued pension costs of £84,738 at 30 November 2014 (2013: £30,714).

15 Financial Commitments

At 30 November 2014 the company had annual commitments under non-cancellable operating leases in relation to assets other than land and buildings as set out below:

	2014	2013
	£'000	£'000
<i>Operating leases which expire:</i>		
Within one year	42	36
In two and five years	265	290
	<u>307</u>	<u>326</u>

16. Ultimate parent undertaking

The company's immediate parent undertaking is Invacare UK Operations Limited, which is incorporated in Great Britain. The immediate parent undertaking of Invacare UK Operations Limited is Scandinavian Mobility International A/S, a company incorporated in Denmark and which prepares group financial statements which include Invacare Limited. This is the smallest group in which the results of the company are consolidated.

The ultimate parent undertaking and controlling party is Invacare Corporation of Elyria, Ohio, USA, which is incorporated in the USA. Copies of its group financial statements, which include the company, are publicly available from One Invacare Way, PO Box 4028, Elyria, Ohio 44036-2125. This is the largest group in which the results of the company are consolidated.