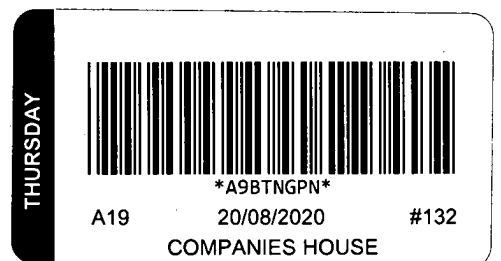


Invacare Limited

Report and Financial Statements

30 November 2019



Directors

P Gretz
M Farrell
K Leneghan

Secretary

K Newell

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Bankers

J.P.Morgan
25 Bank Street
Canary Wharf
London
E14 5JP

Solicitors

Berry Smith
Haywood House
Dumfries Place
Cardiff
CF10 3GA

Registered Office

Pencoed Technology Park
Pencoed
Bridgend
CF35 5AQ

Strategic Report

The directors present their strategic report for the year ended 30 November 2019.

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:

	2019 £'000	2018 £'000	2017 £'000
Turnover	69,340	69,511	67,743
Average number of employees	145	155	148

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.

In addition, there are risks and uncertainties facing the company at this time due to the outbreak of the Covid-19 pandemic and the serious impact that this pandemic may have on the global economy and the company's business.

During the period of lockdown in the UK, Invacare Limited has been a key supplier of healthcare products to the NHS. Large increases in demand for beds, mattress and respiratory products has helped offset reduced demand for mobility and scooter products in particular.

As the UK Government now prepares to remove the Covid-19 lockdown restrictions the directors are putting plans in place to ensure the company returns to normal trading conditions as soon as possible in the safest manner to protect its employees.

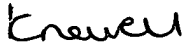
Plans to introduce new mobility products will be accelerated as the lockdown restrictions ease and the company directors believe that the company will emerge even stronger from this crisis.

- **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.
- **Exposure to credit, liquidity and cash flow risk**
 - Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in Note 10 to the financial statements.

Strategic Report

- Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets.

By order of the Board



K L Newell

Secretary

Date: 7/8/2020

Directors' Report

The Directors present their report for the year ended 30 November 2019.

Directors of the company

The current directors are shown on page 1. On 3rd January 2019 Mark Prosser resigned as Director and Michael D Farrell was appointed Director. On 14th May 2019 Kevin C McCarthy resigned as Company Secretary and Kelly L Newell was appointed.

Dividends

The company reported a profit after tax of £1,904,000 (2018: £1,818,000) which was transferred to reserves. The directors did not pay any dividend both in 2019 and 2018.

Future Developments

The directors aim to maintain the management policies which have resulted in the company's growth in recent years.

Events Since the Balance Sheet Date

Since the financial year end the UK has been impacted by the outbreak of the Covid 19 pandemic. During the period of lockdown Invacare Limited has been a key supplier to the NHS. The company has responded to the additional demands from the NHS for mainly Beds, Mattresses and Respiratory products (see note 18 of the Financial Statements).

Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to business risks are described in the Strategic Report on page 2.

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers.

During the Covid-19 pandemic the directors have put into action the necessary business continuity plans to ensure the business can continue to operate effectively whilst ensuring the safety of its employees. All staff with the ability to work remotely have been doing so throughout the lockdown period and will continue to do so until it is safe and appropriate to return to the workplace. Where staff do not have the option to work remotely, new ways of working and protective equipment have been issued following thorough risk assessments.

The directors have ensured that its supply chain has been sufficiently robust to deal with the challenges of the Covid-19 pandemic. Specific actions have been taken to reduce reliance on certain suppliers as well as opening new logistic channels to ensure continuity of supply.

Also, during the crisis, the directors have taken advantage of government schemes such as VAT deferments to further protect the company's liquidity position. There are also currently no significant customers that are unable to pay their debts due to Covid-19.

Due to the steps being taken the directors believe that the group is well placed to manage its business risks successfully.

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.

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.

Directors' Report

Political Donations

No donations to any political parties have been made during 2019.

Disabled employees

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 involvement

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.

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.

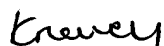
Directors' qualifying third party indemnity provision

The company has granted an indemnity to one or more of 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.

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 L Newell

Secretary

Date:

7/8/2020

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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

Opinion

We have audited the financial statements of Invacare Limited for the year ended 30 November 2019 which comprise the Income statement, the Statement of comprehensive income, the Statement of changes in equity and the Statement of financial position and the related notes 1 to 18, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 November 2019 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 below. 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.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 1.5 and Note 18 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report

to the members of Invacare Limited (continued)

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 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.

Responsibilities of directors

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, 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

Independent auditor's report

to the members of Invacare Limited (continued)

going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



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

Date 10 August 2020

Income Statement

for the year ended 30 November 2019

	Note	2019 £'000	2018 £'000
Turnover	2	69,340	69,511
Cost of sales		(61,254)	(61,074)
Gross profit		8,086	8,437
Other operating expenses		(5,759)	(6,182)
Operating profit	3	2,327	2,255
Interest receivable and similar income	5	68	42
Interest payable and similar charges	6	(38)	(40)
Profit on ordinary activities before taxation		2,357	2,257
Tax on profit on ordinary activities	7	(453)	(439)
Profit for the financial year		1,904	1,818

The company does not have any unrecognised profits or losses other than the above.

There is no material difference between the profit on ordinary activities before tax and the profit for the financial year stated above and their historical equivalents.

All amounts relate to continuing activities.

The notes from 1 to 18 form part of these financial statements.

Statement of comprehensive income

for the year ended 30 November 2019

	<i>2019</i> <i>£'000</i>	<i>2018</i> <i>£'000</i>
Profit for the financial year	1,904	1,818
Other comprehensive income for the year	-	-
<i>Total comprehensive income for the year</i>	1,904	1,818

Statement of changes in equity

for the year ended 30 November 2019

	<i>Called-up capital £'000 (note 12)</i>	<i>Profit and loss account £'000</i>	<i>Total equity £'000</i>
At 1 December 2017	50	9,529	9,579
Profit for the year	-	1,818	1,818
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1,818	1,818
At 30 November 2018	50	11,347	11,397
Profit for the year	-	1,904	1,904
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1,904	1,904
At 30 November 2019	50	13,251	13,301

Statement of financial position

at 30 November 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	8	57	70
Current assets			
Stock	9	329	249
Debtors	10	20,812	19,046
Cash at bank and in hand		508	494
		21,649	19,789
Creditors: amounts falling due within one year	11	(8,404)	(8,454)
Net current assets		13,245	11,335
Total assets less current liabilities		13,302	11,405
Provisions for liabilities			
Deferred taxation	7	(1)	(8)
Net Assets		13,301	11,397
Capital and Reserves			
Called up share capital	12	50	50
Profit and loss account		13,251	11,347
Shareholder's funds		13,301	11,397

Approved by the Board

M Farrell
Director



Date:

7/8/2020

Notes to the financial statements

for the year ended 30 November 2019

1. Accounting policies

1.1. Statement of compliance

Invacare Limited is a limited liability company incorporated in England. The Registered Office is Pencoed Technology Park, Pencoed, Bridgend, CF35 5AQ.

The Company's financial statements have been prepared in compliance with United Kingdom (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) as it applies to the financial statements of the Company for the year ended 30 November 2019. The financial statements were authorised for issue by the board of directors on 7 August 2020.

1.2. Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with FRS 102. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

1.3. Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102:

- (a) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- (b) The requirement of Section 33 Related Party Disclosures paragraph 33.7.

1.4 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Operating lease commitments

The Company as a lessee obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

The Company does not have any key sources of estimation uncertainty.

1.5 Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to business risks are described in the Strategic Report on page 2.

During the Covid-19 pandemic the directors have taken the necessary steps to protect the company from the substantial business risks it faces. Specific actions have been taken with regard to business continuity planning and cashflow management to protect the company and its employees.

Invacare Ltd is a key supplier of healthcare products to the NHS. Throughout the crisis the company has been able to respond effectively to the increased demands of the NHS and its supply chain.

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers. As a consequence, the directors believe that the group is well placed to manage its business risks successfully.

Notes to the financial statements

for the year ended 30 November 2019

1. Accounting policies (continued)

1.5 Going concern (continued)

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.

1.6. Significant accounting policies

1.6.1. Revenue recognition

Turnover represents the amounts derived from the marketing and sale of healthcare equipment.

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of services

Revenue from services is recognised on a straight line basis over the life of the contract or at the moment the service is delivered, depending on the type of agreement with the customer.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

1.6.2. Leasing commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

1.6.3. Pension costs

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

1.6.4. Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected 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.

Notes to the financial statements

for the year ended 30 November 2019

1. Accounting policies (continued)

1.6. Significant accounting policies (continued)

1.6.5. Impairment of non-financial assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists the Company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

1.6.6. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing difference between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

1.6.7. Foreign currencies

Functional currency and presentation currency

The financial statements of the entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

Transactions and balances

In preparing the financial statements of the entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise.

Notes to the financial statements

for the year ended 30 November 2019

1. Accounting policies (continued)

1.6. Significant accounting policies (continued)

1.6.8. Financial instruments

The company has chosen to adopt the requirements of sections 11 and 12 of FRS 102 in respect of the measurement and disclosure of financial instruments.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with other short-term highly liquid investments with original maturities of three months or less.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

The company does not have any 'other' financial instruments.

1.6.9. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Notes to the financial statements

at 30 November 2019

2. Turnover

Turnover represents the amounts derived from the marketing and sale of healthcare equipment and provision of services including reconditioning and Approved Repairer contracts.

Analysis of turnover by geographical market is given below:

	2019 £'000	2018 £'000
United Kingdom/Ireland	67,173	66,502
Europe	-	272
Rest of the World	2,167	2,737
	<u>69,340</u>	<u>69,511</u>

Analysis of turnover by type is given below:

	2019 £'000	2018 £'000
Equipment	67,003	67,104
Services	2,337	2,407
	<u>69,340</u>	<u>69,511</u>

3. Operating profit

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

	Note	2019 £'000	2018 £'000
Depreciation of owned assets	8	35	34
Foreign exchange differences		3	(1)
Operating lease rentals		150	91
- lease and buildings			
- plant and machinery		3	3
- vehicles		316	359
- hardware		19	18
		<u></u>	<u></u>

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

Notes to the financial statements

at 30 November 2019

4. Staff costs

(a) Staff costs

	<i>2019</i>	<i>2018</i>
	<i>£'000</i>	<i>£'000</i>
Wages and salaries	4,930	5,148
Social security costs	405	428
Other pension costs	304	325
	<u>5,639</u>	<u>5,901</u>

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

	<i>2019</i>	<i>2018</i>
	<i>No.</i>	<i>No.</i>
Sales and administration	145	155

(b) Directors' remuneration

	<i>2019</i>	<i>2018</i>
	<i>£'000</i>	<i>£'000</i>
Aggregate remuneration in respect of qualifying services	141	194
Directors' pension contributions to stakeholder schemes	12	12

	<i>2019</i>	<i>2018</i>
	<i>No.</i>	<i>No.</i>
Members of stakeholder pension schemes	1	1

5. Interest receivable and similar income

	<i>2019</i>	<i>2018</i>
	<i>£'000</i>	<i>£'000</i>
Bank interest receivable	68	42

Notes to the financial statements

at 30 November 2019

6. Interest payable and similar charges

	2019 £'000	2018 £'000
Bank charges	38	40

7. Taxation

a) Tax on profit on ordinary activities

The tax charge on the profit on ordinary activities is made up as follows:

	2019 £'000	2018 £'000
<i>Current tax</i>		
UK corporation tax at 19% (2018: 19%)	446	438
Total current tax	446	438
<i>Deferred tax</i>		
Prior year adjustment	-	(1)
Origination and reversal of timing differences	7	2
Total deferred tax	7	1
Tax on profit on ordinary activities	453	439

b) Reconciliation of the total tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The difference is reconciled below:

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	2,357	2,257
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	448	429
Expenses non-deductible for tax purposes	5	10
Total tax expense	453	439

c) Factors that may affect future tax charges

As at the balance sheet date, there was an enacted reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020. On 11 March 2020, the Chancellor of the Exchequer announced that the main rate of corporation tax would remain at 19%. Deferred tax has therefore been calculated at the appropriate blended rates, depending on when the underlying capital allowances are expected to reverse.

Notes to the financial statements

at 30 November 2019

7. Taxation (continued)

d) Deferred taxation

The deferred tax included in the balance sheet is as follows:

	2019 £'000	2018 £'000
Included in provisions for liabilities	(1)	(8)

The deferred tax liability calculated is dealt with in the financial statements as follows:

	2019 £'000	2018 £'000
Fixed asset timing differences	(1)	(1)
Other short-term differences	-	(7)
Deferred tax liability	(1)	(8)

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

	Deferred tax £'000
As at 1 December 2018	(8)
Deferred tax credit in profit and loss account	7
At 30 November 2019	(1)

Notes to the financial statements

at 30 November 2019

8. Tangible fixed assets

	<i>Vehicle, Plant and equipment £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Total £'000</i>
<i>Cost:</i>			
At 1 December 2018	218	70	288
Additions	22	-	22
Disposals	(12)	-	(12)
At 30 November 2019	228	70	298
<i>Depreciation:</i>			
At 1 December 2018	171	47	218
Charge for the year	30	5	35
Disposals	(12)	-	(12)
At 30 November 2019	189	52	241
<i>Net book value:</i>			
At 30 November 2019	39	18	57
At 30 November 2018	47	23	70

9. Stock

	<i>2019 £'000</i>	<i>2018 £'000</i>
Finished goods	329	249

10. Debtors: Amounts falling due within one year

	<i>2019 £'000</i>	<i>2018 £'000</i>
Trade debtors	8,592	8,938
Amounts owed by group undertakings	11,773	9,762
Prepayments and accrued income	447	346
	20,812	19,046

Amounts due from group undertakings are unsecured, repayable on demand and interest free. The company has a cash pooling arrangement in place which amounted to £10,452,000 at 30 November 2019 (£9,184,000 at 30 November 2018).

Notes to the financial statements

at 30 November 2019

11. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	528	456
Amounts owed to group undertakings	6,002	6,525
Corporation tax	226	152
Social security and other taxes	124	127
VAT	317	322
Accruals and deferred income	1,207	872
	<u>8,404</u>	<u>8,454</u>

Amounts due from group undertakings are unsecured, repayable on demand and interest free. The company has a cash pooling arrangement in place which was a debit balance included in Debtors (Note 10) at 30 November 2019.

12. Allotted and issued share capital

	2019 £'000	2018 £'000
<i>Allotted, issued and fully paid:</i>		
49,607 Ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>

13. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group. The balances held with related parties are presented in aggregate within notes 10 and 11 (amounts owed to/ by group companies).

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 £66,467 at 30 November 2019 (2018: £55,698).

Notes to the financial statements

at 30 November 2019

15. Financial Instruments

The company has the following financial instruments:

	2019 £'000	2018 £'000
<i>Financial assets measured at amortised cost:</i>		
Trade debtors (note 10)	8,592	8,938
Amounts owed by group undertakings (note 10)	11,773	9,762
Total	20,365	18,700
<i>Financial liabilities measured at amortised cost:</i>		
Trade creditors (note 11)	528	456
Amounts owed by group undertakings (note 11)	6,002	6,525
Total	6,530	6,981

16. Financial Commitments

Non-cancellable operating leases – company as a lessee

At 30 November 2019 the company had commitments under non-cancellable operating leases in relation to assets other than land and buildings as set out below:

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2019 £'000	2018 £'000
Not later than one year	338	351
Later than one year and not later than five years	431	732
	769	1,083

Charges over the company's assets

On 30 September 2015, the Company signed (together with other group companies) a revolving credit agreement with JP Morgan Chase. This agreement contains a fixed charge over all of the Company's titles, interest and other rights from time to time in any intellectual property. Although no particular intellectual property is specified, this fixed charge would include any intellectual property registered (or required to be registered) in the UK in which the Company has any rights from time to time.

The Company has first fixed charges under this agreement over: goodwill, receivables, blocked accounts, shares and investments, intellectual property rights, licenses and other documents (as specified in the agreement). The Company assigned all of its rights in its receivables, its insurances and insurance proceeds to the Lender. The Company also has floating charges over the whole of its undertaking and other assets.

The facility was not used as at 30 November 2019.

Notes to the financial statements

at 30 November 2019

17. 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 Invacare Holdings Two BV, a company incorporated in the Netherlands 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.

18. Events after the reporting period

In the opinion of the directors there are significant risks and uncertainties facing the company at this time due to the outbreak of the Covid-19 pandemic since the financial year end and the serious impact that this pandemic may have on the global economy and the company's business.

The directors are following guidance issued by the National Health Service and UK Government and they are taking appropriate steps to protect the company's business and its people to the greatest extent possible.

The company has taken full advantage of government schemes such as furlough and deferment of VAT payments to protect the business and there are currently no significant customers that are unable to pay their debts due to Covid-19.

During the period of lockdown in the UK, Invacare Limited has been a key supplier of healthcare products to the NHS. Large increases in demand for beds, mattress and respiratory has helped offset reduced demands for mobility and scooter products.

As the UK Government now prepares to remove the Covid-19 lockdown restrictions the directors are putting plans in place to ensure the company returns to normal trading conditions in the safest manner possible.