

Company registration number 11965323 (England and Wales)

ROCIALLE HEALTHCARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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ROCIALLE HEALTHCARE LIMITED

COMPANY INFORMATION

Directors	S Loose	
	B Sitpaseuth Chen	
	J Lu	
	D Xu	
	M Guo	
	Y Yang	(Appointed 27 April 2022)
	J Chaisumdet	(Appointed 5 July 2022)
Secretary	M Guo	
Company number	11965323	
Registered office	Cwm Cynon Business Park Mountain Ash Rhondda Cynon Taf United Kingdom CF45 4ER	
Auditor	Azets Audit Services Ty Derw, Lime Tree Court Cardiff Gate Business Park Cardiff United Kingdom CF23 8AB	

ROICIALLE HEALTHCARE LIMITED

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ROCIALLE HEALTHCARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of business and financial key performance indicators

The business continued to focus on meeting our existing customers' needs in a challenging environment, particularly in relation to high energy cost, increased component and freight cost, latterly, the cost of living crisis for employees.

The Directors foresee those cost pressures continuing through 2023. A range of risk mitigation and development plans have been developed in relation to these issues and the Directors are confident that the business is well placed to withstand pressures.

The Directors were also mindful of the ever-changing landscape in relation to the healthcare industry. In the later part of year, the company brought MidMeds Limited which services primary care practices, NHS hospitals, private hospitals, doctors, surgeries, out of hours hubs, independent midwives, nurses and private consumers.

Analysis of the company performance is measured monthly. The directors observe the usual financial indicators of performance of turnover, gross margin, net margin, debtor days and stock turn and compare these measures against budgets. In addition, the directors produce management information that analyses customer and sales performance, stock ageing, market segmentation, supplier analysis and performance.

The directors consider the following to be key performance indicators of the business. Revenue for the year ended 31 December 2022 amounted to £30.2 million (2021: £72.3 million). The profit before tax for the year ended 31 December 2022 amounted to £3.0 million (2021: £35.5 million). EBITDA is measured at £3.4million (2021: £35.7 million).

In contrast with 2021 where PPE was the dominant activity in relation to both turnover and profitability, the business has no PPE activities in 2022, this is the reason for the decreased turnover and profitability. The Directors expect the 2023 turnover of the company to continue to fall as the business reverts to its core business and PPE demand falls away completely, however the group results will benefit from a full year of the results of MidMeds Limited.

ROCIALLE HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal Risks and Uncertainties

During the course of the 2022 period reported herein, the impact of the Covid-19 pandemic abated. The activities in hospitals and clinics are slowly rising meanwhile the supply chain disruption continues and cost of operating business is unprecedented. The Directors have taken action to diversify the business into adjacent markets which will enable the business to spread risks and be less cost sensitive.

The Directors note that 2023 continues to bring significant challenges to the markets in which it operates due to the ongoing impact of global supply chain issues and cost pressures continuing through 2023 which include increased freight charges, increased component costings and significantly increasing energy costs. A range of risk mitigation and development plans have been developed in relation to these issues. The Directors are confident that the business is well placed to withstand these supply side shocks and continue to take action to secure the long term growth of the business.

The company's operations expose it to a variety of financial risks that include the effects of exchange rate risk, credit risk, liquidity risk and commodity price risk.

The company has in place an informal risk management programme that seeks to limit the adverse effects on the financial performance of the company. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Exchange rate risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company uses foreign exchange forward contracts and other hedging products as recommended from time to time by its financial advisers to minimise these exposures.

Credit Risk

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

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

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

Liquidity Risk

The company is exposed to liquidity risk.

During the current financial year the company has sufficient cash reserves and access to credit that will support the Board's initiatives to grow international trading opportunities and develop new products and brands.

Commodity price risk

The company is exposed to commodity price risk. The company does not hedge to manage its exposure to commodity price risk due to cost benefit considerations.

ROCIALLE HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

Section 172(1) Statement

The directors of Rocialle Healthcare Limited consider that we have acted in good faith and have made decisions in the way that we believe would be most likely to promote the success of the company and for the benefit of its members as a whole. Our plans were intended to have a positive, beneficial impact on the company over the mid to long term and to contribute to its continued success in our delivery of a high quality of product and service across the healthcare industry. In order to facilitate this approach we have identified each of our key stakeholder groups, evaluated their interests and considered how we have engaged with and responded to each group during the year.

Employees

Our Senior Leadership Team is critical to the delivery of our plan. We have made efforts in finding, training and retaining an outstanding workforce, with a significant part of our Senior Leadership Team and management team having been promoted from within. This ensures a continuity of delivery and an inherent understanding by the team of the Company's desire for excellence in all that we do. Our people wish to work for an organisation with a strong commitment to ethical practices and compliance, whilst knowing that their views are recognised and acted upon. We endeavor to be a responsible employer in our approach to the pay and benefits our team members receive, while the health, safety and well-being of our team is a key consideration in how we operate.

Customers

In order to ensure we continue to maintain and provide the trusted products and service that our customers have come to expect from us, we continually seek to improve our sales processes. We have therefore continued with our programme of training and development for our Sales team, to ensure they deliver a high quality experience for all customers on a consistent basis. Regular feedback is provided through customer satisfaction surveys which is contributing to continual improvements where opportunities arise. Complaints are closely monitored and remedial actions are taken quickly where appropriate to retain customer goodwill. Our aim is to develop a strong relationship with our customers over the long term.

Suppliers

Engagement with our suppliers is also key to our success, and we seek to develop trusted long term, collaborative partnerships in order to facilitate improved performance. Communications with all suppliers are intended to be prompt, clear and responsive. We regularly meet and check on our suppliers to ensure that any issues or opportunities can be effectively considered in an open forum, while continuing to develop the relationship between us. We have adapted quickly to the changing needs of our clients over the course of the pandemic by utilising our existing supplier relationships, and expanding into new relationships. This continues to be a key focus for the business going forward.

Shareholders

As the Board of Directors, our intention is to behave responsibly towards our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

Local community

Our plans and strategies further consider the impact of our operations on the community and environment, as well as our wider social responsibilities, and in particular how we comply with environmental legislation and react promptly to local community concerns. Our intention is to behave responsibly and to ensure that the management operate the business in a responsible manner, recognising the high standards of business conduct and good governance expected for a business such as ours. We will also seek to continue to offer employment opportunities for local residents.

Future developments

The Directors have put in place plans to augment existing business lines and expand into adjacent markets through organic growth aimed at diversifying away from its previous core activity. They are also examining acquisition opportunities in order to fill gaps in our existing offering and move into other healthcare markets.

ROCIALLE HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board



.....
S Loose
Director

Date: 19/12/23
.....

ROGIALLE HEALTHCARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the group is to design, manufacture, market and distribute high quality medical products to both Acute, and Primary Care settings in the UK and International markets. In so doing the company provides its customers with effective healthcare solutions to improve efficiency and reduce infection.

With over 35 years' experience in Acute care, the group serves almost every National Health Service Trust in the UK, as well as many private hospital groups, and by closely matching products and services to health providers' needs, has gained a market leading position in the supply of Procedure Packs, Medical Packs, Single Use Instruments as well as Single Use Drapes and Gowns and other PPE products.

In contrast with 2021 where PPE was the dominant activity in relation to both turnover and profitability, the business has no PPE activities in 2022 and the core business has slowly made U turn out of pandemic through the year. In addition, company has acquired MidMeds Limited in the second half year of 2022.

The company operates under Quality Management Systems externally certified to ISO 13485 and ISO 9001 as well as complying with the requirements of the EU Medical Device Directive.

In line with the company strategic aims, the Directors continue to assess potential acquisitions for their ability to augment existing capability and access new opportunities.

Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £45,000,000. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Loose	
B Chong Chaisumdet	(Resigned 5 July 2022)
B Sitpaseuth Chen	
J Lu	
Z Shen	(Resigned 27 April 2022)
D Xu	
M Guo	
Y Yang	(Appointed 27 April 2022)
J Chaisumdet	(Appointed 5 July 2022)

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

ROCIALLE HEALTHCARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Employee involvement

The Directors are aware of the current guidelines on corporate and social responsibility. They are also cognisant of the benefits that are gained through employees gaining a broader understanding of the business in terms of creating a safe working environment and creating long term sustainability. The business has invested in the Health and Safety team and continues to focus on making the company's premises a safe environment for all stakeholders.

The company consults and discusses with employees matters that are likely to affect them, as well as keeping them informed or wider factors affecting the business through briefings, the company intranet and notices.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the group will be put at a General Meeting.

Energy and carbon report

The following figures make up our baseline reporting for 2022.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company cars and external vehicles.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day to day business operations.

	2022 kWh	2021 kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year	1,818,258	2,276,216
	2022 metric tonnes	2021 metric tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	10.92	4.15
- Fuel consumed for owned transport	-	0.75
	10.92	4.90
Scope 2 - indirect emissions		
- Electricity purchased	373.50	478.53
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the	-	-
Total gross emissions	384.42	483.43
<i>Intensity ratio</i>		
Tonnes CO2e per £100,000	1.323	1.5

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £100,000 of revenue.

ROCIALLE HEALTHCARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

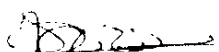
Measures taken to improve energy efficiency

During the past year the company has continued to push a pro-active agenda of decarbonisation within the business. The company has installed 422KW solar panel on main site and is waiting for commission. LED lights with PIR/occupancy sensors have been installed through-out the site following the office refurb, as well as replacement of all the old A/C systems with more energy efficient variable speed A/C systems.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



.....
S Loose
Director

19/12/23
Date:

ROCIALLE HEALTHCARE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the group and company, and of the profit or loss of the group 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ROCIALLE HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROCIALLE HEALTHCARE LIMITED

Opinion

We have audited the financial statements of Rocialle Healthcare Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity and notes to the financial statements, including 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 group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

ROCIALLE HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROCIALLE HEALTHCARE LIMITED

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 parent 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 parent 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ROCIALLE HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROCIALLE HEALTHCARE LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

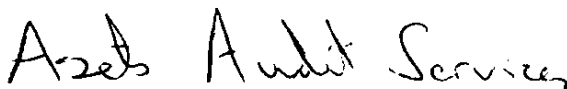
In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.



Andrew Howells (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: 19/12/2023

Chartered Accountants
Statutory Auditor

Ty Derw, Lime Tree Court
Cardiff Gate Business Park
Cardiff
United Kingdom
CF23 8AB

ROICIALLE HEALTHCARE LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	30,255,979	72,334,942
Cost of sales		(21,073,767)	(27,438,491)
Gross profit		9,182,212	44,896,451
Administrative expenses		(6,382,063)	(8,436,963)
Other operating income		48,084	266,174
Exceptional item	4	-	(1,193,726)
Tax on profit	9	(787,548)	(6,282,641)
Profit for the financial year		2,060,685	29,249,295

Profit for the financial year is all attributable to the owners of the parent company.

ROCIALLE HEALTHCARE LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Profit for the year	2,060,685	29,249,295
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,060,685</u>	<u>29,249,295</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

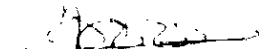
ROCIALLE HEALTHCARE LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	11	9,149,974		-	
Negative goodwill	11	(5,022,657)		(6,363,628)	
Net goodwill		4,127,317		(6,363,628)	
Tangible assets	12	13,751,910		12,958,606	
Investments	13	13,675		-	
		17,892,902		6,594,978	
Current assets					
Stocks	15	10,600,061		7,325,444	
Debtors	16	8,846,415		7,392,096	
Cash at bank and in hand		26,746,357		77,640,701	
		46,192,833		92,358,241	
Creditors: amounts falling due within one year	17	(16,961,738)		(8,885,594)	
Net current assets		29,231,095		83,472,647	
Total assets less current liabilities		47,123,997		90,067,625	
Creditors: amounts falling due after more than one year	18	(96,648)		(144,972)	
Provisions for liabilities					
Deferred tax liability	19	279,589		235,579	
		(279,589)		(235,579)	
Net assets		46,747,760		89,687,074	
Capital and reserves					
Called up share capital	22	100		100	
Profit and loss reserves		46,747,660		89,686,974	
Total equity		46,747,760		89,687,074	

The financial statements were approved by the board of directors and authorised for issue on 19/12/23 and are signed on its behalf by:



S Loose
Director

Company registration number 11965323 (England and Wales)

ROCIALLE HEALTHCARE LIMITED

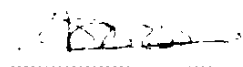
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Fixed assets			
Negative goodwill	11	(5,022,657)	(6,363,628)
Tangible assets	12	13,736,102	12,958,606
Investments	13	11,436,012	-
		20,149,457	6,594,978
Current assets			
Stocks	15	10,069,388	7,325,444
Debtors	16	8,154,084	7,392,096
Cash at bank and in hand		25,380,747	77,640,701
		43,604,219	92,358,241
Creditors: amounts falling due within one year	17	(16,367,357)	(8,885,594)
Net current assets		27,236,862	83,472,647
Total assets less current liabilities		47,386,319	90,067,625
Creditors: amounts falling due after more than one year	18	(96,648)	(144,972)
Provisions for liabilities			
Deferred tax liability	19	277,654	235,579
		(277,654)	(235,579)
Net assets		47,012,017	89,687,074
Capital and reserves			
Called up share capital	22	100	100
Profit and loss reserves		47,011,917	89,686,974
Total equity		47,012,017	89,687,074

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,324,943 (2021 - £29,249,296 profit).

The financial statements were approved by the board of directors and authorised for issue on 19/12/23 and are signed on its behalf by:



S Loose
Director

Company registration number 11965323 (England and Wales)

ROCIALLE HEALTHCARE LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2021		100	60,437,679	60,437,779
Year ended 31 December 2021:				
Profit and total comprehensive income		-	29,249,295	29,249,295
Balance at 31 December 2021		100	89,686,974	89,687,074
Year ended 31 December 2022:				
Profit and total comprehensive income		-	2,060,685	2,060,685
Dividends	10	-	(45,000,000)	(45,000,000)
Balance at 31 December 2022		100	46,747,660	46,747,760

ROCIALLE HEALTHCARE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2021		100	60,437,679	60,437,779
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	29,249,295	29,249,295
Balance at 31 December 2021		100	89,686,974	89,687,074
Year ended 31 December 2022:				
Profit and total comprehensive income		-	2,324,943	2,324,943
Dividends	10	-	(45,000,000)	(45,000,000)
Balance at 31 December 2022		100	47,011,917	47,012,017

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Rociale Healthcare Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is .

The group consists of Rociale Healthcare Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The ultimate parent undertaking that draws up the consolidated financial statements for the smallest and largest group of which Rociale Healthcare Ltd is included is Zhende Medical Co. Ltd . The consolidated financial statements are available from the registered office. The registered office of Zhende Medical Co. Ltd is Gaobei Industrial Zone, Gaobu Town, Shaoxing, 312035 China.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Rocialle Healthcare Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Subsidiary audit exemption

The company has guaranteed the liabilities of the following subsidiary outstanding as at the balance sheet date and as a result is exempt from audit under s479A Companies Act 2006.

Name	Registration Number	Principal activity	Holding %
Midmeds Limited	05440524	Medical supplies to primary care trusts	100%

The registered address of this subsidiary is Ty Mynydd, Cwm Cynon Business Park, Mountain Ash, Wales, CF45 4ER.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Negative goodwill is included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	50 years straight line
Plant and equipment	5-10 years straight line
Fixtures and fittings	25 years straight line
Computers	3-5 years straight line
Motor vehicles	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.20 Exceptional items

Items that are non-recurring or irregular, and material in size or non-operating in nature are presented as exceptional items in the income statement. The Directors are of the opinion that separate recording of exceptional items provides helpful information about the Company's underlying business performance.

2 Judgements and key sources of estimation uncertainty

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

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

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock provision

The company's products are subject to fluctuations in customer demand. Due to the nature of manufacturing lead times of goods, it is necessary to estimate demand ahead of the time goods are required by customers to meet the shorter timescales expected when making orders for delivery. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated demand for finished goods and the future usage of raw materials. See note 15 for the net carrying amount of inventory and associated provision.

Accruals

Accruals contain certain items that require managements best estimate of the timing of cashflow and costs that could be incurred based on contractual requirements.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
	30,255,979	72,334,942
	<u>30,255,979</u>	<u>72,334,942</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	27,628,258	70,315,600
Europe	2,000,758	711,084
Rest of the world	626,963	1,308,258
	<u>30,255,979</u>	<u>72,334,942</u>
	2022 £	2021 £
Other revenue		
Grants received	48,324	264,524
	<u>48,324</u>	<u>264,524</u>

4 Exceptional item

	2022 £	2021 £
Expenditure		
Restructure costs	-	1,193,726
	<u>-</u>	<u>1,193,726</u>

In the prior year, the company's operations in Scotland were restructured. The balance above represents the associated costs of the restructure.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(313,390)	(25,398)
Research and development costs	4,227	-
Government grants	(48,324)	(264,524)
Depreciation of owned tangible fixed assets	841,244	614,647
Profit on disposal of tangible fixed assets	(16,106)	(1,800)
Amortisation of intangible assets	155,084	-
Release of negative goodwill	(420,044)	(489,758)
Profit on disposal of intangible assets	(920,926)	-
Operating lease charges	82,771	372,377

6 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	37,725	44,893
For other services		
Audit-related assurance services	6,500	-
Taxation compliance services	6,500	4,000
Other taxation services	16,025	2,825
Services relating to corporate finance transactions	80,100	-
	109,125	6,825

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Administrative	115	94	60	94
Production	129	195	129	195
Sales and Distribution	86	103	86	103
Total	330	392	275	392

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	6,781,948	8,646,234	6,678,648	8,646,234
Social security costs	711,462	953,521	708,337	953,521
Pension costs	205,358	204,544	204,617	204,544
	<u>7,698,768</u>	<u>9,804,299</u>	<u>7,591,602</u>	<u>9,804,299</u>

8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	461,263	420,154
Company pension contributions to defined contribution schemes	42,826	15,248
	<u>504,089</u>	<u>435,402</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	<u>331,948</u>	<u>296,258</u>

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	315,014	5,325,442
Adjustments in respect of prior periods	50,336	40,783
Total current tax	<u>365,350</u>	<u>5,366,225</u>
Deferred tax		
Origination and reversal of timing differences	<u>422,198</u>	<u>916,416</u>
Total tax charge	<u>787,548</u>	<u>6,282,641</u>

ROCIALLÉ HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	2,848,233	35,531,936
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	541,164	6,751,068
Tax effect of expenses that are not deductible in determining taxable profit	84,368	48,790
Tax effect of income not taxable in determining taxable profit	(254,784)	(93,054)
Adjustments in respect of prior years	34,637	(167,417)
Effect of change in corporation tax rate	105,267	(218,650)
Other permanent differences	305,387	-
Enhanced allowances	(28,491)	(38,096)
Taxation charge	787,548	6,282,641

10 Dividends

	2022 £	2021 £
Recognised as distributions to equity holders:		
Final paid	45,000,000	-

11 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 January 2022	-	(7,547,210)	(7,547,210)
Additions - business combinations	9,305,058	-	9,305,058
Disposals	-	1,074,298	1,074,298
At 31 December 2022	9,305,058	(6,472,912)	2,832,146
Amortisation and impairment			
At 1 January 2022	-	(1,183,582)	(1,183,582)
Amortisation charged for the year	155,084	(420,044)	(264,960)
Disposals	-	153,371	153,371
At 31 December 2022	155,084	(1,450,255)	(1,295,171)

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible fixed assets		(Continued)		
Carrying amount				
At 31 December 2022	9,149,974	(5,022,657)	4,127,317	
At 31 December 2021	-	(6,363,628)	(6,363,628)	
Company				Negative goodwill
Cost				£
At 1 January 2022				(7,547,210)
Disposals				1,074,298
At 31 December 2022				(6,472,912)
Amortisation and impairment				
At 1 January 2022				(1,183,582)
Amortisation charged for the year				(420,044)
Disposals				153,371
At 31 December 2022				(1,450,255)
Carrying amount				
At 31 December 2022				(5,022,657)
At 31 December 2021				(6,363,628)

The carrying amount of Goodwill is £9,149,974 and the remaining amortisation period is 10 years.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets

Group	Freehold land and buildings	Assets under construction	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
Cost	£	£	£	£	£	£	£
At 1 January 2022	10,997,230	-	1,829,733	612,278	940,113	-	14,379,354
Additions	-	1,984,802	296,191	214,527	47,412	71,545	2,614,477
Business combinations	-	-	7,200	33	1,656	6,919	15,808
Disposals	(993,967)	-	(88,457)	(4,161)	(11,146)	-	(1,097,731)
At 31 December 2022	10,003,263	1,984,802	2,044,667	822,677	978,035	78,464	15,911,908
Depreciation and impairment							
At 1 January 2022	252,275	-	605,107	75,544	487,822	-	1,420,748
Depreciation charged in the year	201,725	-	294,933	140,961	195,940	7,685	841,244
Eliminated in respect of disposals	(51,493)	-	(39,071)	(2,628)	(8,802)	-	(101,994)
At 31 December 2022	402,507	-	860,969	213,877	674,960	7,685	2,159,998
Carrying amount							
At 31 December 2022	9,600,756	1,984,802	1,183,698	608,800	303,075	70,779	13,751,910
At 31 December 2021	10,744,955	-	1,224,626	536,734	452,291	-	12,958,606

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets		(Continued)						
Company		Freehold land and buildings	Assets under construction	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
Cost		£	£	£	£	£	£	£
At 1 January 2022		10,997,230	-	1,829,733	612,278	940,113	-	14,379,354
Additions		-	1,984,802	296,191	214,527	47,412	71,545	2,614,477
Disposals		(993,967)	-	(88,457)	(4,161)	(11,146)	-	(1,097,731)
At 31 December 2022		10,003,263	1,984,802	2,037,467	822,644	976,379	71,545	15,896,100
Depreciation and impairment								
At 1 January 2022		252,275	-	605,107	75,544	487,822	-	1,420,748
Depreciation charged in the year		201,725	-	294,933	140,961	195,940	7,685	841,244
Eliminated in respect of disposals		(51,493)	-	(39,071)	(2,628)	(8,802)	-	(101,994)
At 31 December 2022		402,507	-	860,969	213,877	674,960	7,685	2,159,998
Carrying amount								
At 31 December 2022		9,600,756	1,984,802	1,176,498	608,767	301,419	63,860	13,736,102
At 31 December 2021		10,744,955	-	1,224,626	536,734	452,291	-	12,958,606

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	13,675	-	11,436,012	-

Movements in fixed asset investments Group

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022	-
Additions	13,675
At 31 December 2022	13,675
Carrying amount	
At 31 December 2022	13,675
At 31 December 2021	-

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022	-
Additions	11,436,012
At 31 December 2022	11,436,012
Carrying amount	
At 31 December 2022	11,436,012
At 31 December 2021	-

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Midmeds Limited	Ty Mynydd, Cwm Cynon Business Park, Mountain Ash, Wales, CF45 4ER	Ordinary share capital	100.00

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	4,222,628	3,217,055	3,691,955	3,217,055
Work in progress	212,843	402,438	212,843	402,438
Finished goods and goods for resale	6,164,590	3,705,951	6,164,590	3,705,951
	<u>10,600,061</u>	<u>7,325,444</u>	<u>10,069,388</u>	<u>7,325,444</u>

Inventories are stated after provisions for impairment of £959,181 (2021: £2,052,882).

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	5,893,640	3,737,065	5,142,951	3,737,065
Corporation tax recoverable	1,701,080	1,689,988	1,701,080	1,689,988
Amounts owed by group undertakings	-	-	75,860	-
Other debtors	182,179	445,688	177,514	445,688
Prepayments and accrued income	301,761	372,734	288,924	372,734
	<u>8,078,660</u>	<u>6,245,475</u>	<u>7,386,329</u>	<u>6,245,475</u>
Deferred tax asset (note 19)	767,755	1,146,621	767,755	1,146,621
	<u>8,846,415</u>	<u>7,392,096</u>	<u>8,154,084</u>	<u>7,392,096</u>

Trade debtors are stated after provisions for impairment of £16,197 (2021: £74,196).

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade creditors		1,443,872	566,486	774,662	566,486
Amounts owed to group undertakings		6,050,000	-	6,519,350	-
Corporation tax payable		314,976	-	-	-
Other taxation and social security		1,218,310	802,726	1,152,275	802,726
Government grants	20	48,324	48,324	48,324	48,324
Other creditors		4,960,710	526,170	4,950,000	526,170
Accruals and deferred income		2,925,546	6,941,888	2,922,746	6,941,888
		<u>16,961,738</u>	<u>8,885,594</u>	<u>16,367,357</u>	<u>8,885,594</u>

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Government grants	20	96,648	144,972	96,648	144,972

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Accelerated capital allowances	279,589	235,579	-	-
Tax losses	-	-	719,625	-
Other short term timing differences	-	-	48,130	1,146,621
	<u>279,589</u>	<u>235,579</u>	<u>767,755</u>	<u>1,146,621</u>

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Company				
Accelerated capital allowances	277,654	235,579	-	-
Tax losses	-	-	719,625	-
Other short term timing differences	-	-	48,130	1,146,621
	<u>277,654</u>	<u>235,579</u>	<u>767,755</u>	<u>1,146,621</u>

	Group 2022 £	Company 2022 £
Movements in the year:		
Asset at 1 January 2022	(911,042)	(911,042)
Charge to profit or loss	422,876	420,941
Asset at 31 December 2022	<u>(488,166)</u>	<u>(490,101)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Government grants

	Group 2022 £	2021 £	Company 2022 £	2021 £
Arising from government grants	144,972	193,296	144,972	193,296

Deferred income is included in the financial statements as follows:

Current liabilities	48,324	48,324	48,324	48,324
Non-current liabilities	96,648	144,972	96,648	144,972
	144,972	193,296	144,972	193,296

21 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	205,358	204,544

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

Group and company	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

ROCIALLÉ HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

23 Acquisition of a business

On 19 October 2022 the group acquired 100 percent of the issued capital of Midmeds Limited.

	Book Value £	Adjustments £	Fair Value £
Net assets acquired			
Property, plant and equipment	15,808	-	15,808
Inventories	530,521	-	530,521
Trade and other receivables	910,763	-	910,763
Cash and cash equivalents	1,611,782	-	1,611,782
Trade and other payables	(835,271)	-	(835,271)
Tax liabilities	(116,324)	-	(116,324)
Total identifiable net assets	2,117,279	-	2,117,279
Goodwill			9,305,058
Total consideration			11,422,337
The consideration was satisfied by:			£
Cash			11,422,337
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			£
Turnover			1,306,882
Profit after tax			236,169

The goodwill arising on the acquisition of the business is attributable to the anticipated profitability of the distribution of the company's products in new markets and the future operating synergies from the combination.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	82,900	85,204	-	85,204
Between two and five years	-	3,452	-	3,452
	<u>82,900</u>	<u>88,656</u>	<u>-</u>	<u>88,656</u>

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Acquisition of tangible fixed assets	<u>3,380,142</u>	<u>-</u>	<u>3,380,142</u>	<u>-</u>

26 Related party transactions

Transactions with related parties

Zhende Medical Co. Ltd is the 100% owner of New Beginnings Investment (Hong Kong) Co Ltd. New Beginnings Investment (Hong Kong) Co Ltd owns 55% of the issued share capital of Rocialle Healthcare Ltd.

Multigate Medical Products UK Ltd owns 45% of the issued share capital of Rocialle Healthcare Limited.

During 2022, purchases were made from Zhende Medical Co. Ltd of £4,849,004 (2021 - £3,152,593). The related payable at the year end was £154,876 (2021 - £276,958).

The company also made purchases from Shaoxing Fuqing Health Products Co Ltd of £1,121,050 (2021 - £2,314,909). The related payable at the year end was £69,323 (2021 - £97,421). Shaoxing Fuqing Health Products Co Ltd is a joint venture of Multigate Medical Products UK Ltd.

The company was also in receipt of loans in 2022 to facilitate the future purchase of a trading entity. £6,050,000 was advanced to the company from Zhende Medical Co. Ltd . £4,950,000 was advanced to the company from Multigate Medical Products UK Ltd. No interest was chargeable on the loans and the amounts are repayable in less than one year.

ROCIALLE HEALTHCARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Controlling party

The immediate parent undertaking is New Beginning Investment (Hong Kong) Co. Ltd, a company incorporated in Hong Kong.

The ultimate parent undertaking that draws up the consolidated financial statements for the smallest and largest group of which Rocialle Healthcare Ltd is included is Zhende Medical Co. Ltd . The consolidated financial statements are available from the registered office. The registered office of Zhende Medical Co. Ltd is Gaobei Industrial Zone, Gaobu Town, Shaoxing, 312035 China.