Registered number:
06449040

VERNA GROUP INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

VERNA GROUP INTERNATIONAL LIMITED

GROUP INFORMATION

Directors	M Miller P Wright N Boulton (appointed 21 November 2019)
Group secretary	P Wright
Registered number	06449040
Registered office	1 Western Avenue Matrix Park Buckshaw Village Chorley PR7 7NB
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	HSBC UK Bank plc 2 to 4 St. Ann's Square Manchester M2 7HD
Solicitors	DLA Piper UK LLP 1 St Peter's Square Manchester M2 3DE

VERNA GROUP INTERNATIONAL LIMITED

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

Introduction

The directors present their Strategic Report on the affairs of the Group, together with the audited financial statements for the year ended 31 March 2020.

Business review

The Group's principal activity is the manufacture and supply of goods and services to the healthcare industry. Sales remained at the same level as last year at £63.4 million *(2019: £63.4 million)*. EBITDA (before exceptional admin expenses) was £9.1 million *(FY19: £8.8 million)*.

Despite increased competition throughout the year the Group has maintained its overall sales at £63.4 million compared to the previous year, although the UK sales fell by £1.3 million due to a shrinking market, sales in Europe rose by £1.4 million due to growth in Spain, Norway and Czech Republic.

The continued investment in new product development remains at the forefront of our business philosophy. Expenditure on research and development was £0.3 million *(2019: £0.2 million)*. The Group pursues a range of research and development programmes to increase and improve the product range that they supply to the healthcare industry. This will maintain a clear pipeline of new product launches over the next 3 years which will greatly enhance our infection control product offering. The Compact Macerator and handsfree offerings have made a positive impact to FY20.

Maintaining market share in the UK and repeating the success of building strong alliances with other targeted international business partners in new and growing markets will be the focus of the next 12 months in terms of sales. To support the sales growth, investment projects in existing production facilities towards the end of FY21 *in addition to improvements in our supply chains will maintain our high standards as production volumes* increase.

Following the acquisition of the Group on 14 February 2020, the company is owned by H.I.G. Europe Capital Partners II, L.P.

During the year the Group undertook a number of refinancing activities such that at the balance sheet date of 31 March 2020 the available funding was £45.2 million in senior debt plus a £5 million revolving credit facility, subsequent to the balance sheet date further refinance on the 10th July was completed such that the senior facility increased to £70.6 million plus a £5 million revolving credit facility to support a strategic acquisition within the group. The funding now held within the Group consists of: Vienna Bidco Limited £33.1 million; Verna Group Bidco Limited £37.5 million and the £5 million revolving credit facility is held in Vernacare Limited.

Responding to Covid-19

The Group has been responding to Covid-19 since January 2020 managing supply chains from China and then across all of our markets globally as Covid-19 became a worldwide pandemic. Throughout this period, we have prioritised the health and safety of our employees, supported our customers including the NHS and ensured the business is in the best position to respond in these uncertain times. All of our sites have precautionary measures in place, including social distancing measures, the availability of hand sanitiser, the availability of PPE equipment and isolation and testing of employees who show symptoms themselves or within their families. The Group was agile and able to respond to the increase in demand for infection prevention products in minimum time resulting in an uplift in demand in core products in both the UK and International markets.

VERNA GROUP INTERNATIONAL LIMITED

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Financial key performance indicators

The board monitors the performance and results of the Group against its strategy using the KPI's set out below. These KPI's have been selected as they are considered appropriate to measure the progress of the business towards achieving its strategy and objectives.

	2020 **£'000**	*2019* *£'000*
Turnover	**63,398**	*63,367*
Gross profit	**22,776**	*22,166*
Operating profit	**4,977**	*3,842*
EBITDA (before exceptional administrative expenses)*	**9,070**	*8,842*
Gross profit %	**36%**	*35%*
Stock turnover days	**19**	*46*
Debtor days	**51**	*54*
Creditor days	**48**	*56*

*EBITDA is defined as operating profit with the add back of depreciation and amortisation, with the additional add back of exceptional administrative costs.

Turnover was maintained at the same level as last year at £63.4 million. Gross profit margin is slightly higher than last year at 36% due to the sales product mix. Operating profit increased from £3.8 million last year to £4.9 million this year mainly due to higher gross profit and lower Exceptional Administration costs disclosed in note 13.

The change in stock turnover days was a result of the increased demand driven by Covid-19 in the last 3 weeks of the financial year. Debtor days have decreased as a result of the mix of debtors across the UK and international markets and an improvement in debt collection during the year following the focused attention within this area. Creditor days have decreased as a result of supplier changes.

Statement by the directors on performance of their statutory duties in accordance with S172 (1) of the companies act 2006.

Section 172 of the Companies Act 2006 requires the directors of a company to act in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term;
b) the interests of the company's employees;
c) the need to foster the company's business relationships with suppliers, customers and others;
d) the impact of the company's operations on the community and the environment;
e) the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the company.

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent advisor.

The Board confirms that, during the year, it has had regard to the matters set out above. Further details as to how the Directors have fulfilled their duties, together with references to relevant areas within these financial statements are set out below.

Principal risks and uncertainties

Competitive pressure in the UK and overseas markets is a risk for the Group, which could result in a reduction in market share. The Group manages this risk by providing a high level of customer service and introducing innovative products to customers.

Supplier concentration: The diverse supplier base and duel supply agreements on key materials and services ensuring that any loss of any individual supply would not materially impact the trading performance.

Management Skills and succession planning: The Group continuously reviews the adequacy and strength of its management teams to ensure that appropriate experience and training is given, included in that review is succession planning, seeking to future proof the Group.

Business interruption: The Group has a strong planned maintenance programme of which a large proportion of the work is carried out by in-house engineers, we also strive to seek out and invest in best in class plant and equipment that helps to drive operational efficiencies. We also work with other processing facilities to support the organic sales growth and mitigate the effect of a loss of a single processing facility.

Brexit: The Group have reviewed the risks associated with the current uncertainty around global trade and the United Kingdom's decision to leave the European Union, and the management do not believe the United Kingdom's decision to leave the European Union will have a significant impact on the Group's long term ability to conduct business with the European Union. Like many other businesses we have planned the impact of a range of eventualities, in particular we have assessed how our products will continue to be appropriately registered for trade around the European Union.

Covid-19: While the ongoing effects to demand for products following the Covid-19 worldwide pandemic remain uncertain, management have not identified any principal risk to manufacturing capabilities or supply in the short term, following the low labour reliance of its process. Management also note that Covid-19 is changing the nature, likelihood and potential impact of other principal risks. Examples of these changes include but are not limited to: government restrictions of imports and exports due to a pandemic; increased supply risk; increased levels of remote working may increase the cyber security risk; financial pressures on government and hospitals may lead to the increased likelihood of pricing and reimbursement risk; restrictions of elective surgery may lead to increased commercial risk and a declining revenue risk.

VERNA GROUP INTERNATIONAL LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Results and dividends

The profit for the year, after taxation, amounted to £3,992,246 *(2019: £2,663,686)*.

There were no dividends proposed or paid during the year *(2019: £Nil)*.

Directors

The directors who served during the period were:

M Miller
P Wright
N Boulton (appointed 21 November 2020)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 Company and the Group 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 will continue in business.

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

Disclosure of information to auditor

The directors confirm that:

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

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Risk Management
As we continue to grow, it is vital that we effectively identify, evaluate, manage and mitigate the risks we face. For details of our principal risks and uncertainties, and how we manage our risk environment, please see page 2. The Board is also aware that an understanding of the future prospects of the company is of vital importance to all stakeholders.

Our Employees
The Company is committed to being a responsible employer. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We recognise that our people are key to the success of the company and we value the contribution of each and every one of our employees. We strive to create an inspiring working environment where everyone is engaged and motivated. We must also ensure we share common values that inform and guide our behaviour, so we achieve our goals in the right way.

Business Relationships
Our strategy prioritises growth, both organically and through acquisition. Organic growth is driven through new product launches, cross-selling to existing customers as well as bringing new customers into the company. To do this, we need to develop and maintain strong customer relationships. We value all of our customers and suppliers and have multi-year contracts with both.

Community and Environment
The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact, giving back wherever we can. We want to leverage our expertise and enable our people to support the communities around us. We recognise our responsibilities to achieve good environmental practice and to continue to strive for improvement in areas of environmental impact. We are committed to energy efficiency improvement and continue to take steps in a continuous improvement strategy.

Culture and Values
The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our employees, customers and other stakeholders. Our mission for transforming the standards within the healthcare environment across the globe through innovation and manufacturing excellence and our vision of reducing risk and enhancing dignity. We have carefully developed a common set of expected behaviours based on our corporate values which are embedded within the day-to-day activities of the company.

This report was approved by the board and signed on its behalf.

N Boulton
Director

28/8/2020

Credit risk

The Group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from its trade debtors. The principal customer is the NHS with credit insurance in place for certain international debts.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed by the credit controller and the chief financial officer on a regular basis in conjunction with debt ageing and collection history.

Price risk

Our business could be susceptible to adverse changes in among other things, economic conditions and clinical practices, which could impact our profitability and cashflow. Given the diversity of our customer base and various routes to market it is generally possible to contain the impact of these adverse conditions. Through continual review we can identify changes in customer demands and cost base so we can react appropriately to the impact of the wider economy and remain price competitive.

Any adverse impact of cashflow could be mitigated in the short term by controls over capital expenditure and other discretional spend.

Research and development activities

Further details are set out within the Business review section of the Group Strategic Report.

Employee involvement

The policy of good employee relations continued throughout the period. Regular meetings of management with staff are held to discuss future plans for the Group as well as pay and conditions.

Disabled employees

The Group considers all disabled people applying for employment on the basis of their aptitudes and abilities.

Qualifying third party indemnity provisions

All directors benefitted from qualifying indemnity insurance policies in place during the financial year.

Subsequent events

The Covid-19 impact on the Group during FY20 was positive across all core product groups, management expect this to continue positively for the Wipes product group, including both patient hygiene and infection control brands.

The impact of the Covid-19 pandemic on the Group during FY21 to date has been the effect of lower UK and global hospital bed occupancy, directly linked to the reduction in elective surgery, which has negatively impacted some of the other core product groups, such as the moulded fibre products and surgical products.

Whilst we do not expect an immediate recovery in the underlying trading conditions, the Group remains well positioned in the infection prevention markets across the globe to take advantage of the clear opportunities for growth during the year and in the forthcoming years and is committed to significant capital investment during FY21. The Group started the year in a strong financial position and obtained additional financing in July 2020 to successfully acquire another group of companies that will strengthen the Group's position in the worldwide healthcare sector and has provided the Group with considerable liquidity headroom.

Directors' Responsibility under Section 172 and Statement of engagement with suppliers, customers and others in a business relationship with the company

The Directors welcome the requirement under Section172 and Sch. 7.11B(1) to of the Companies Act 2006. Comments on how the Directors have had a regard for the interests of various stake holders whilst making key decisions are contained in the Strategic Report.

Future developments

The directors expect the general level of activity to increase as a result of the planned product development and from building strong alliances with international business partners. Further details are set out in the Group Strategic Report.

Health and safety and environment

The Board is aware of its responsibilities on all matters relating to health and safety of employees, customers, visitors to the Group's premises and others affected by the Group's activities. The Group has clearly defined health and safety policies which follow current best practices and meet or exceed the legal requirements. Continued focus has been given to energy management and the Group has continued to meet the government requirements for reporting CE Carbon trading. Health and safety and environment matters are a prime agenda item at Board meetings.

Community

The Group believes that the interests of responsible businesses need to be aligned to the interests of the local communities where they operate and to that end, give back to the community where we can, contributing to charitable causes and local groups.

Financial risk management objectives and policies

The Group uses financial instruments; these include a bank loan and overdraft, cash, foreign currency forward contracts and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

Liquidity and cashflow risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. Adverse changes in the credit market could increase the cost of borrowing, the Group's policy on liquidity is to ensure it has committed bank facilities available to provide continuity of funding. Appropriate bank facilities are in place until September 2026.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank loan and overdraft. The bank loan and overdraft expose the Group to interest rate risk.

Methodology Notes

Reporting Period	**1st April 2019 to 31st March 2020**
Alignment with financial reporting	SECR disclosure has been prepared in line with Verna Group International Limited annual accounts for year ending 31 March 2020
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2019 and 2020 for all greenhouse gas emission conversion factors:- https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019 https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020
Calculation method	Activity Data x Emission Factor = GHG emissions
Other relevant information on calculation	Natural Gas and Electricity consumption is obtained from several meters and collated as part of our monthly reporting process. Fuel used for transport and production is obtained from Monthly invoices.
Reason for the intensity measurement choice	The chosen intensity ratio: **'tonnes of CO_2e emitted per £1m sales revenue'** expresses the performance of our business compared with our energy consumption and associated emissions, it also follows the recommendations of the SECR legislation.

Auditor

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

This report was approved by the board and signed on its behalf.

28/8/2020

N Boulton
Director

Streamline Energy and Carbon Reporting

The SECR disclosure covers our United Kingdom greenhouse gas emissions (scope 1 and 2), an appropriate intensity ratio, the total energy usage of gas, electricity, fuel for transport and production, and a summary of energy efficiency improvements carried out during the financial year.

	31 March 2020
Energy consumption used to calculate emissions (kWh)	**39,267,957**
Emissions from combustion of natural gas tCO_2e (Scope 1)	**5,658**
Emissions from purchased electricity tCO_2e (Scope 2, location-based)	**1,945**
Emissions from combustion of fuel for transport purposes tCO_2e (Scope 1)	**150**
Emissions from combustion of fuel for production purposes tCO_2e (Scope 1)	**14**
Total greenhouse gas emissions based on above (tCO_2e)	**7,767**
Intensity ratio: tonnes of CO_2e emitted per £1m sales revenue	**200.42**

Energy Efficiency Action Summary for the Year ended 31 March 2020

During the financial year ending 31 March 2020 Vernacare Limited commissioned full site surveys of our Chorley and Bolton factories, under ESOS Phase 2 Regulations which identified several energy reduction opportunities.

In response to the recommendations that resulted from the above site surveys we carried out the following actions during the financial year ending 31 March 2020:

1. Installed a variable speed drive to one of our large 110kW pulper motors at our Bolton site in order to reduce electricity consumption;
2. Continued to replace failed light fittings at the Bolton site throughout the year with energy efficient LED's;
3. Obtained approval for a planned capital project to replace over 400 light fittings at our Chorley site with energy efficient LED lighting due to start in the second half of FYE 2021;
4. Initiated a project at our Bolton site to replace all large process vacuum pumps which will reduce Scope 2 emissions, the vacuum project installations are expected to commence during October 2020.

During financial year ending 31 March 2021 we will seek Capital Expenditure approval to complete the conversion to full LED lighting at our Bolton site and will evaluate the remaining recommendations from the ESOS site surveys, with a view to planning and implementing them.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERNA GROUP INTERNATIONAL LIMITED (CONTINUED)

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The *directors are responsible for the other information. The other information comprises the information* included in the Annual Report, other than the financial statements and our Auditor's report thereon. 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.

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERNA GROUP INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Verna Group International Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of income and retained earnings, the Statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

VERNA GROUP INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	4	63,397,767	63,366,623
Cost of sales		(40,621,360)	(41,200,325)
Gross profit		22,776,407	22,166,298
Distribution costs		(4,365,334)	(4,402,137)
Administrative expenses		(12,822,599)	(12,016,057)
Exceptional administrative expenses	13	(612,015)	(1,657,981)
Other operating income/(expenses)	5	678	(248,377)
Operating profit	6	4,977,137	3,841,746
Interest receivable and similar income	10	1,831	1,331
Interest payable and similar expenses	11	(22,590)	(33,510)
Profit before taxation		4,956,378	3,809,567
Tax charge on profit	12	(964,132)	(1,145,881)
Profit for the financial year		3,992,246	2,663,686
Foreign exchange translation differences		(15,089)	6,383
Total comprehensive income for the year		3,977,157	2,670,069

The notes on pages 18 to 39 form part of these financial statements.

All amounts relate to continuing operations.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERNA GROUP INTERNATIONAL LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement 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 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: 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.

Carl Williams Grant Thornton UK LLP
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester 28/8/2020

VERNA GROUP INTERNATIONAL LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note		31 March 2020 £		31 March 2019 £
Fixed assets					
Investments	16		33,750,001		33,750,001
			33,750,001		33,750,001
Current assets					
Debtors: amounts falling due within one year	18	4,749,027		606,469	
Creditors: amounts falling due within one year	20	(49,800,253)		(49,732,330)	
Net current liabilities			(45,051,226)		(49,125,861)
Total assets less current liabilities			(11,301,225)		(15,375,860)
Net liabilities			(11,301,225)		(15,375,860)
Capital and reserves					
Called up share capital	23		187,048		187,048
Share premium account	24		25,180,314		25,180,314
Profit and loss account brought forward	24	(40,743,222)		(40,466,194)	
Profit / (Loss) for the period		4,074,635		(277,028)	
Profit and loss account carried forward			(36,668,587)		(40,743,222)
			(11,301,225)		(15,375,860)

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

28/8/2020

N Boulton
Director

The notes on pages 18 to 39 form part of these financial statements.

VERNA GROUP INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note		31 March 2020 £		31 March 2019 £ as restated
Fixed assets					
Intangible assets	14		**20,201,926**		*22,899,267*
Negative goodwill	14		**(12,085,105)**		*(13,390,603)*
Tangible assets	15		**7,664,372**		*8,739,053*
Investments	16		**1**		*1*
			15,781,194		*18,247,718*
Current assets					
Stocks	17	**5,268,613**		*5,859,478*	
Debtors: amounts falling due within one year	18	**23,961,582**		*15,270,935*	
Cash at bank and in hand	19	**7,576,225**		*6,050,483*	
		36,806,420		*27,180,896*	
Creditors: amounts falling due within one year	20	**(30,854,829)**		*(32,231,759)*	
Net current assets/(liabilities)			**5,951,591**		*(5,050,863)*
Total assets less current liabilities			**21,732,785**		*13,196,855*
Creditors: amounts falling due after one year	21		**(5,002,139)**		*(205,657)*
Provisions for liabilities					
Deferred taxation	22		**(1,628,394)**		*(1,866,103)*
Net assets			**15,102,252**		*11,125,095*
Capital and reserves					
Called up share capital	23		**187,048**		*187,048*
Share premium account	24		**25,180,314**		*25,180,314*
Profit and loss account	24		**(10,265,110)**		*(14,242,267)*
Equity attributable to owners of the parent Group			**15,102,252**		***11,125,095***

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

28/8/2020

N Boulton
Director

The notes on pages 18 to 39 form part of these financial statements.

VERNA GROUP INTERNATIONAL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	*187,048*	*25,180,314*	*(40,743,222)*	*(15,375,860)*
Comprehensive income for the year				
Profit / (Loss) for the period	-	-	4,074,635	4,074,635
Total comprehensive income for the year	**-**	**-**	**4,074,635**	**4,074,635**
At 31 March 2020	**187,048**	**25,180,314**	**(36,668,587)**	**(11,301,225)**

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 2 April 2018	*187,048*	*25,180,314*	*(40,466,194)*	*(15,098,832)*
Comprehensive income for the period				
Profit / (Loss) for the period	-	-	*(277,028)*	*(277,028)*
Total comprehensive income for the period	-	-	*(277,028)*	*(277,028)*
At 31 March 2019	*187,048*	*25,180,314*	*(40,743,222)*	*(15,375,860)*

The notes on pages 18 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	*187,048*	*25,180,314*	*(14,242,267)*	*11,125,095*
Profit for the year	-	-	**3,992,246**	**3,992,246**
Exchange differences	-	-	**(15,089)**	**(15,089)**
Total comprehensive income for the year	-	-	**3,977,157**	**3,977,157**
At 31 March 2020	**187,048**	**25,180,314**	**(10,265,110)**	**15,102,252**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 2 April 2018	*187,048*	*25,180,314*	*(16,912,336)*	*8,455,026*
Profit for the period	-	-	*2,663,686*	*2,663,686*
Exchange differences	-	-	*6,383*	*6,383*
Total comprehensive income for the period	-	-	*2,670,069*	*2,670,069*
At 31 March 2019	*187,048*	*25,180,314*	*(14,242,267)*	*11,125,095*

The notes on pages 18 to 39 form part of these financial statements.

2. Accounting policies (continued)

2.3 Going concern

The Group meets its day to day working capital requirements through a revolving facility commitment. The Group has prepared forecasts and projections, taking account of the UK market conditions and the group's unique competitive position in the infection control market that have enabled it to successfully enter new markets in the Asia Pacific region and strengthen its position in existing European markets, show that the group should be able to operate within the level of its existing facility.

The Parent Company's debt and banking facilities were refinanced on 10 September 2019. This involved Pemberton providing a debt fund of £37.5 million along with a revolving credit facility of £5 million. The Group also funded £4.8 million from its free cash. These combined funds were used to settle the TOSCA senior loan of £11.3 million plus interest and fees totalling £0.8 million, HSBC term loan A of £4.6 million and term loan B of £7.5 million. There was also a 66.5% partial redemption of loan notes using the debt fund and the group's funds to pay Palatine £15.4 million and Management £0.5 million, plus additional fees of £2.1 million.

Management have considered the impact of the refinance when concluding on the appropriateness of preparing the accounts on the going concern basis.

As a consequence the financial statements have been prepared on a going concern basis as the directors confirm they have reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. General information

The Group is a private Group limited by shares and is incorporated in England and Wales. The registered address of the entity is 1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, PR7 1NB.

The entity's principal activities and nature of operations are disclosed in the Group Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The parent Group has taken advantage of the following exemptions on the basis that it is a qualifying entity and the consolidated financial statements have included this information:

- from the financial instrument's disclosures required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29
- from disclosing the Group key management personnel compensation, as required by FRS102 paragraph 33.7
- the cashflow statement and related notes
- financial instruments and related notes

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.6 Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2% on cost
Long-term leasehold property	-	2% to 10% on cost
Plant and machinery	-	10% to 33.33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are spread on a straight-line basis over the lease term.

2.8 Finance leases

Assets held under finance leases are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability. The interest element of the obligation is charged to the profit and loss account over the repayment period.

2.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Income statement over its useful economic life, being 20 years.

Negative goodwill

Negative goodwill resulted from the acquisition in the year and is recognised at cost and amortised over ten years, the estimated period expected to benefit. This will continue to be monitored and released to the statement of comprehensive income over the periods it benefits.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

Amortisation is provided at the following rates:

Trademarks & Patents	-	10% on cost
Software	-	33% on cost
Development expenditure	-	10% to 33% on cost
Goodwill	-	5% on cost
Negative goodwill	-	10% on cost

Development expenditure

Development costs on specific projects are capitalised when recoverability can be assessed with reasonable certainty and are amortised over the estimated years that the benefits will accrue. All other development costs are written off in the year of expenditure.

Development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

2. Accounting policies (continued)

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Foreign currency translation

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

2.16 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 Borrowing costs

All borrowing costs are capitalised in the year that the loan was obtained and amortised pro rata over the period of the loan, the amortisation charge is recognised in the Statement of comprehensive income for each financial year. The current loan covers a period of 7 years and is repayable during September 2026. The capitalised borrowing costs are amortised over 7 years, approximately 14.3% per year.

2. Accounting policies (continued)

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2. Accounting policies (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.22 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size, nature or incidence.

2.23 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.24 Prior period adjustment

The Balance Sheet and associated notes reflect a prior period adjustment for the transfer of £2,031,152 from Negative Goodwill Cost to Provisions for liabilities (Deferred Tax), which have been restated in the prior year 31 March 2019 comparative figures. There is no impact on the profit for the prior period or the net assets of the Group. The adjustment represents a balance sheet reclassification.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Directors have made a number of estimates and assumptions regarding the future and made some significant judgements in applying the Group's accounting policies. These are discussed below:

Valuation of stock
The Group holds a significant amount of stock £5,268,613 (*2019*: £5,859,478), which is recorded at the lower of cost and net realisable value. The net realisable value is impacted by a number of factors including the condition of the stock and the general economic conditions. The calculation of the stock provision requires the directors to make judgements and estimates in relation to the realisable value of the stock.

Carrying value of fixed assets
Fixed assets are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. When an impairment review is carried out, the recoverable value is determined based on the value in use calculations which require estimates to be made of future cash flows and discount rate.

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.20 Government Grants

Government grants relating to tangible fixed assets are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

2.21 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

6. Operating profit

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

	2020 £	*2019* £
Research & development charged as an expense	**257,411**	*204,413*
Exchange differences	**(113,608)**	*(28,349)*
Depreciation of tangible fixed assets	**1,675,089**	*1,406,335*
Amortisation of intangible assets, including goodwill	**1,805,687**	*1,359,132*
Exceptional costs	**612,015**	*1,657,981*
Loss on disposal of fixed assets	**70**	*248,664*
Operating lease rentals	**853,429**	*1,174,967*

7. Auditor's remuneration

	2020 £	*2019* £
Fees payable to the auditor for the audit of the Group's financial statements	**5,000**	*5,000*
Other fees payable to the auditor in respect of: Auditing of accounts of its subsidiary undertakings	**45,500**	*56,500*
	50,500	*61,500*

Fees paid to the Group's auditor, Grant Thornton UK LLP, other than the statutory audit of the Group are not disclosed in the Group's financial statements since the consolidated accounts of the Group's ultimate parent, Verna Group Equityco Limited, disclose all non-audit fees on a consolidated basis.

4. Turnover

The analysis of the Group's turnover is as follows:

	2020	*2019*
	£	*£*
Sale of goods	**62,024,953**	*61,985,082*
Rendering of services	**1,372,814**	*1,381,541*
	63,397,767	*63,366,623*

	2020	*2019*
	£	*£*
United Kingdom	**39,386,826**	*40,721,555*
Rest of Europe	**9,234,205**	*7,807,038*
Rest of the world	**14,776,736**	*14,838,030*
	63,397,767	*63,366,623*

5. Other operating income/(expenses)

	2020	*2019*
	£	*£*
Sundry income/(expenses)	**748**	*287*
Gain/(loss) on disposal of tangible assets	**(70)**	*(248,664)*
	678	*(248,377)*

10. Interest receivable and similar income

	2020 **£**	*2019* *£*
Other interest receivable	**1,831**	*1,331*

11. Interest payable and similar expenses

	2020 **£**	*2019* *£*
Bank interest payable	**9,673**	*21,056*
Other loan interest payable	**12,917**	*12,454*
	22,590	*33,510*

12. Taxation

	2020 **£**	*2019* *£*
Corporation tax		
Current tax charge on profits for the year	**766,237**	*429,052*
Adjustments in respect of previous periods	**(61,193)**	*(136,385)*
	705,044	292,667
Group taxation relief	**284,392**	*390,026*
Total Corporation Tax	**989,436**	*682,693*
Add: **Foreign tax** on income for the year	**212,405**	*383,608*
Total current tax	**1,201,841**	*1,066,301*
Add: **Deferred tax**		
Origination and reversal of timing differences	**(237,709)**	*104,054*
Adjustments in respect of prior years	**-**	*(24,474)*
Total deferred tax (note 22)	**(237,709)**	*79,580*
Taxation charge on profit on ordinary activities	**964,132**	*1,145,881*

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 31 March 2020 £	*Group 31 March 2019 £*	**Company 31 March 2020 £**	*Company 31 March 2019 £*
Wages and salaries	**9,680,336**	*10,870,964*	**-**	-
Social security costs	**941,711**	*993,899*	**-**	-
Cost of defined contribution scheme	**659,573**	*656,146*	**-**	-
	11,281,620	*12,521,009*	**-**	-

The average monthly number of employees, including the directors, during the period was as follows:

	2020 No.	*2019 No.*
Sales and Trading	**171**	*167*
Process and administration	**101**	*105*
	272	*272*

The Group has no employees other than the directors, who did not receive any remuneration *(2019 - £NIL)*

9. Directors' remuneration

During the year, directors received total remuneration of £698,560 *(2019: £464,223)* and total pension contributions of £16,438 *(2019: £8,126)*.

During the year retirement benefits were accruing to 3 directors *(2019: 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £306,494 *(2018: £263,885)*.

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,131 *(2019: £4,066)*.

14. Intangible fixed assets
Group

	Software	Patents	Development	Goodwill	Negative goodwill	Total
	£	£	£	£	£	£
Cost						
At 1 April 2019 (as restated)	*807,482*	*12,628,037*	*1,596,412*	*34,784,226*	*(15,763,180)*	*34,052,977*
Additions	**23,256**	**68,679**	**239,767**	**-**	**-**	**331,702**
Transfer from Plant and machinery	**6,277**	**-**	**75,848**	**-**	**-**	**82,125**
Transfer to Plant and machinery	**-**	**-**	**-**	**-**	**-**	**0**
Foreign exchange movement	**(241)**	**-**	**-**	**-**	**-**	**(241)**
At 31 March 2020	**836,774**	**12,696,716**	**1,912,027**	**34,784,226**	**(15,763,180)**	**34,466,563**
Amortisation						
At 1 April 2019 (as restated)	*737,839*	*1,960,661*	*502,578*	*23,715,813*	*(2,372,577)*	*24,544,314*
Charge for the year	**36,263**	**1,256,096**	**79,615**	**1,739,211**	**(1,305,498)**	**1,805,687**
Transfer from Plant and machinery	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange movement	**(259)**	**-**	**-**	**-**	**-**	**(259)**
At 31 March 2020	**773,843**	**3,216,757**	**582,193**	**25,455,024**	**(3,678,075)**	**26,349,742**
Net book value						
At 31 March 2020	**62,931**	**9,479,959**	**1,329,834**	**9,329,202**	**(12,085,105)**	**8,116,821**
At 31 March 2019 (as restated)	*69,643*	*10,667,376*	*1,093,834*	*11,068,413*	*(13,390,603)*	*9,508,663*

A prior period adjustment to the Balance Sheet and associated notes for the transfer of £2,031,152 from Negative Goodwill Cost to Provisions for liabilities (Deferred Tax) which have been restated in the prior year 31 March 2019 comparative figures and opening balances. There is no impact on the loss for the prior period or the net assets of the Group. The adjustment represents a balance sheet reclassification.

12. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the year is higher than *(2019: higher than)* the standard rate of corporation tax in the UK of 19% *(2019:19%)*. The differences are explained below:

	2020 £	*2019 £*
Profit on ordinary activities before tax	**4,956,378**	*3,809,567*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2019 - 19%)*	**941,712**	*723,818*
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**330,450**	*330,450*
Fixed asset differences	**(241,102)**	*-*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**45,160**	*17,311*
Adjustments to tax charge in respect of prior periods	**(61,193)**	*(160,859)*
Rate difference - deferred tax	**(74,890)**	*102,000*
Higher taxes on overseas earnings	**23,995**	*133,161*
Total tax charge for the period	**964,132**	*1,145,881*

13. Exceptional items

	2020 £	*2019 £*
Exceptional administrative expense	**612,015**	*1,657,981*

The current year and prior year exceptional items mainly relate to the restructuring of the business following the Vernacare HCS Limited acquisition in November 2017.

16. Fixed asset investments

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Vernacare Limited	Ordinary	100 %	Manufacture and supply of healthcare goods and services
Vernacare South Africa (PTY) Limited	Ordinary	100 %	Dormant Company
Vernacare International Limited	Ordinary	100 %	Intermediate holding Company
Vernacare HCS Limited	Ordinary	100 %	Manufacture and supply of healthcare goods and services

Indirect Subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Vernacare Canada Inc	Ordinary	100 %	Supply of healthcare goods and services
Vernacare Inc	Ordinary	100 %	Supply of healthcare goods and services
Vernacare International Corporation	Ordinary	100 %	Intermediate holding Company
Vernacare International Canada Inc	Ordinary	100 %	Intermediate holding Company
Verna Group IPCO Limited	Ordinary	100 %	Dormant Company

Name	Registered office
Vernacare Limited	England & Wales
Vernacare South Africa (PTY) Limited	South Africa
Vernacare International Limited	England & Wales
Vernacare Canada Inc	Canada
Vernacare Inc	United States of America
Vernacare International Corporation	United States of America
Vernacare International Canada Inc	Canada
Vernacare HCS Limited	England & Wales
Verna Group IPCO Limited	England & Wales

15. Tangible fixed assets

Group

	Long Leasehold Land and Buildings £	Plant and machinery £	Total £
Cost			
At 1 April 2019	*2,676,882*	*23,021,365*	*25,698,247*
Additions	-	**685,893**	**685,893**
Disposals	-	**(8,825)**	**(8,825)**
Transfers from Intangible– Development costs	-	**(82,125)**	**(82,125)**
Exchange adjustments	-	**(2,628)**	**(2,628)**
At 31 March 2020	**2,676,882**	**23,613,680**	**26,290,562**
Depreciation			
At 1 April 2019	761,826	*16,197,368*	*16,959,194*
Charge for the year	**185,854**	**1,489,235**	**1,675,089**
Disposals	-	**(6,344)**	**(6,344)**
Exchange adjustments	-	**(1,749)**	**(1,749)**
At 31 March 2020	**947,680**	**17,678,510**	**18,626,190**
Net book value			
At 31 March 2020	**1,729,202**	**5,935,170**	**7,664,372**
At 31 March 2019	*1,915,056*	*6,823,997*	*8,739,053*

Plant and machinery with a carrying value of £306,250 *(2019: £341,250)* is held under a finance lease.

Depreciation charged in the year of £35,000 *(2019: £8,750)* on assets held under finance lease.

18. Debtors

	Group 31 March 2020 £	*Group 31 March 2019 £*	**Company 31 March 2020 £**	*Company 31 March 2019 £*
Trade debtors	**11,965,037**	*10,416,469*	-	-
Amounts owed by group undertakings	**10,237,203**	*3,109,304*	4,749,027	*606,469*
Other debtors	**267,021**	*426,080*	-	-
Prepayments and accrued income	**1,371,571**	*1,319,082*	-	-
Other Taxation	**120,750**	-	-	-
	23,961,582	*15,270,935*	*4,749,027*	*606,469*

19. Cash and cash equivalents

	Group 31 March 2020 £	*Group 31 March 2019 £*	**Company 31 March 2020 £**	*Company 31 March 2019 £*
Cash at bank and in hand	**7,576,225**	*6,050,483*	-	-
	7,576,225	*6,050,483*	-	-

20. Creditors: Amounts falling due within one year

	Group 31 March 2020 £	*Group 31 March 2019 £*	**Company 31 March 2020 £**	*Company 31 March 2019 £*
Bank loans	**6,703**	-	-	-
Trade creditors	**7,044,126**	*7,674,693*	-	-
Amounts owed to group undertakings	**18,956,611**	*21,225,946*	**49,800,253**	*49,704,379*
Corporation tax	**795,725**	*537,858*	-	-
Other taxation and social security	**304,188**	*402,758*	-	-
Other creditors	**70,128**	*142,802*	-	-
Accruals and deferred income	**3,588,831**	*2,163,639*	-	*27,951*
Finance lease	**88,517**	*84,063*	-	-
	30,854,829	*32,231,759*	**49,800,253**	*49,732,330*

16. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost	
At 31 March 2019	*33,750,001*
At 31 March 2020	**33,750,001**
Net book value	
At 31 March 2020	**33,750,001**
At 31 March 2019	*33,750,001*

17. Stocks

	Group 31 March 2020 £	*Group 31 March 2019 £*
Raw materials and consumables	**2,115,334**	*1,978,682*
Finished goods and goods for resale	**3,153,279**	*3,880,796*
	5,268,613	*5,859,478*

23. Share capital

	31 March 2020 £	*31 March 2019 £*
Authorised, allotted, called up and fully paid		
18,704,800 *(2019 - 18,704,800)* A ordinary shares of £0.01 each	**187,048**	*187,048*

24. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior years retained profits and losses, less dividends.

25. Contingent liabilities

The Company gave a cross guarantee to Pemberton Capital Advisors LLP in favour of Vienna Holdco Limited and other companies in the group. At 31 March 2020, the bank borrowings covered by the guarantee was £50.2m *(2019: HSBC £25m)*.

26. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £659,573 *(2019: £656,146)*. Contributions totalling £12,375 *(2019: £12,006)* were payable to the fund at the year-end date and are included in creditors.

21. Creditors: Amounts falling due after more than one year

	Group 31 March 2020 £	*Group 31 March 2019 £*
Amounts falling due 1-2 years		
Finance lease	**117,139**	*88,483*
Amounts falling due 2-5 years		
Finance lease	**-**	*117,174*
Amounts falling due after 5 years		
Bank loans	**4,885,000**	*-*
	5,002,139	*205,657*

The group has drawn down on a revolving credit facility of £4.8m on 20 March 2020 from Pemberton via Lucid Agency, the balance of loan capital and interest payable at YE2020 was £4.8m *(2019: £Nil)*. The annual interest rate on this loan is 3.5% + LIBOR.

22. Deferred taxation provision

	Group 31 March 2020 £	*Group 31 March 2019 £ as restated*
At beginning of year (as restated)	**1,866,103**	*1,786,523*
Charged to profit or loss (note 12)	**(237,709)**	*79,580*
At end of year (as restated)	**1,628,394**	*1,866,103*

The provision for deferred taxation is made up as follows:

	Group 31 March 2020 £	*Group 31 March 2019 £*
Accelerated capital allowances	**1,680,319**	*1,907,103*
Other short-term timing differences	**(51,925)**	*(41,000)*
	1,628,394	*1,866,103*

28. Related party transactions

The Group has taken the exemption from disclosing transactions with other group companies as consolidated financial statements are prepared and publicly available.

No other transactions with related parties occurred in the year (*2019: £Nil*).

29. Ultimate parent undertaking and controlling party

The ultimate parent undertaking is Vienna Topco Limited registered in Jersey. The immediate parent undertaking is Verna Group Bidco Limited.

The largest group for which group accounts have been drawn up which include the results of this Group at 31 March 2020 is that headed by Verna Group Equityco Limited.

Copies of the group financial statements can be obtained from that Group's registered office.

H.I.G. Europe Capital Partners II, L.P. Group is considered to be the controlling party.

30. Post balance sheet events

Covid-19

With the pandemic outbreak of COVID-19 in 2020 the Group's executive management team and board of directors are carefully monitoring the situation and following the directives issued by the Government authorities in each country where we carry out our business. The overall impact of Covid-19 is currently very difficult to predict, the directors have been reviewing the effect of this on the wider group where there have been positive and negative impacts. There has been a positive impact on sales of patient hygiene wipes and surface cleaning wipes, as this is a significant part of the Group's business the directors are confident that the business will remain viable and indeed see opportunities to grow as a consequence of the increased demand for these product lines.

Acquisitions

The Group acquired another group of companies on 10 July 2020 to build on its strength within the healthcare sector. This activity was funded by the Group's owners H.I.G. Europe Capital Partners II, L.P. and an additional loan from Pemberton Capital Advisors LLP

27. Commitments under operating leases

At 31 March 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 31 March 2020 £	*Group 31 March 2019 £*
Land and buildings		
Not later than 1 year	**822,251**	*649,124*
Later than 1 year and not later than 5 years	**2,751,093**	*2,532,877*
Later than 5 years	**8,883,152**	*8,657,188*
	12,456,496	*11,839,189*

	Group 31 March 2020 £	**Group** *31 March 2019 £*
Other		
Not later than 1 year	**57,169**	*59,418*
Later than 1 year and not later than 5 years	**326,135**	*389,711*
Later than 5 years	**-**	*-*
	383,304	*449,129*