Registered number:
06449040

VERNA GROUP INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

VERNA GROUP INTERNATIONAL LIMITED

GROUP INFORMATION

Directors	J Steele P Wright N Boulton
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

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021

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 2021.

Business review

The Group's principal activity is the manufacture and supply of goods and services to the healthcare industry. Sales grew to £87.8m *(2020: £63.4 million)*, a 39% increase year on year as a result of organic growth and strategic acquisitions in the year. The Group saw significant growth in the European market with an increase of £7.7m sales (84% increase). EBITDA (before exceptional admin expenses) was £4.8 million (*FY20: £9.1 million)*.

On 10 July 2020 the Group acquired Frontier Plastics Limited and its subsidiary, and Frontier NX Limited. On 2 March 2021 the Group acquired Robinson Healthcare Group Limited and its subsidiaries.

The continued investment in new product development remains at the forefront of our business philosophy. Expenditure on research and development was £1.1 million (*2020: £0.3 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.

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 and the beginning of financial year 2022, 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 ultimately 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 2021 the available funding for this Group was £Nil and all the external debt was held by other Group companies.

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.

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 management do not believe the United Kingdom's decision to leave the European Union has had, or 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.

Cyber-Risk: As the Company and wider Group continues to grow, with a number of projects running, operational risk will continue to remain an area of focus. Operational risks such as cyber risk and IT security are reviewed at Board level as well as at a management level. Cyber risk is a high profile issue in the healthcare sector and cyber risk threats are expected to increase over time for the industry. The Company's current position in managing cyber risks has been reviewed during 2021 and control enhancements made. Further investment and actions are planned for 2022 to increase protection against IT security and IT resilience risks.

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.

	2021	*2020*
	£'000	*£'000*
Turnover	**87,840**	*63,398*
Gross profit	**23,108**	*22,776*
Operating profit	**(2,051)**	*4,977*
EBITDA (before exceptional administrative expenses)*	**4,804**	*9,070*
Gross profit %	**26%**	*36%*
Stock turnover days	**65**	*44*
Debtor days	**64**	*66*
Creditor days	**66**	*59*

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

Turnover grew significantly to £87.8m. Gross profit margin is lower than last year at 26% due to the sales product mix changing after acquisitions and also volatile raw material prices caused by Brexit, COVID-19 and the associated Government policies. Operating profit decreased from £4.98 million last year to an operating loss of £2.06 million this year mainly due tightened gross profit margins, and a significant increase in exceptional administrative expenses, depreciation, amortisation and foreign exchange losses all disclosed in Note 6 to the financial statements.

The change in stock turnover days was a result of the increased demand driven by Covid-19 in the last 3 weeks of the prior financial year which depleted year end stock levels and also due to the acquisitions in the year. Debtor days have decreased marginally 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.

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 Group 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 Group'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

30/9/2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Results and dividends

The loss for the year, before foreign exchange translation differences, amounted to £2,628,976 *(2020 profit: £3,992,246)*.

There were no dividends proposed or paid during the year *(2020: £Nil)*.

Directors

The directors who served during the period were:

M Miller (resigned 13 August 2020)
P Wright
N Boulton
J Steele (appointed 14 February 2020)

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

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

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

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's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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 2025.

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.

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.

Going concern

The wider Group meets its day to day working capital requirements through a £5m revolving facility commitment. The Group has prepared forecasts and projections, taking account the lingering impact of Covid-19, the International market conditions and the Group's unique competitive position in the infection control market that have enabled it to strengthen its position in UK, European and other International markets show that the Group should be able to operate within the level of its existing facility.

Throughout this period we have prioritised the health and safety of our employees with precautionary measures including social distancing, availability of hand sanitiser and PPE and isolation and testing of employees who show symptoms themselves or within their families. This has meant that the Group has suffered no discontinuity of service to our customers, including the NHS, which has meant we have been able to maintain liquidity from our operations. The prepared forecasts and projections have taken this into account along with the Group's treasury and supply chain management.

The wider Group's total debt used for financing the strategic acquisitions stands at £102m at the reporting date. The Group has considered the service of this debt and any relevant covenant compliance when preparing the forecasts and projections.

Going concern (continued)

The financial resilience of our balance sheet, the extent of our cash resources and the quality of our customer receivables meant that we have not needed to draw on emergency Government lending.

The diversity of our product offer across the Group has proved an invaluable asset during the pandemic and this was expanded via strategic acquisitions in the year. It meant during the lockdowns, and the decline in elective medical procedures, our vast range of infection control products, including single-use disposable products to IPA wipes which help prevent the spread of the coronavirus, and the Group's innovative Low Dead Space injecting solutions, which reduce vaccine waste to help maximise the vaccinated population, helped to mitigate any decline.

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 has 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.

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 2021	*31 March 2020*
Energy consumption used to calculate emissions (kWh)	**36,739,700**	*39,267,957*
Emissions from combustion of natural gas tCO_2e (Scope 1)	**5,220**	*5,658*
Emissions from purchased electricity tCO_2e (Scope 2, location-based)	**1,844**	*1,945*
Emissions from combustion of fuel for transport purposes tCO_2e (Scope 1)	**90**	*150*
Emissions from combustion of fuel for production purposes tCO_2e (Scope 1)	**16**	*14*
Emissions from aircon refrigerants tCO_2e (Scope 1)	**2**	-
Total greenhouse gas emissions based on above (tCO_2e)	**7,172**	*7,767*
Intensity ratio: tonnes of CO_2e emitted per £1m sales revenue	**114.68**	*200.42*

Energy Efficiency Action Summary for the year ended 31 March 2021

During the financial year ending 31 March 2021, Vernacare Limited implemented the following energy efficiency projects:

1. Replaced 129 light fittings at the Bolton site throughout the year with energy efficient LED's.
2. Implemented a 2019 ESOS Phase 2 energy survey recommendation to replace over 400 light fittings at our Chorley site with energy efficient LED lighting.
3. Completed a project at our Bolton site to replace five large process vacuum pumps and motors with energy efficient versions which has reduced Scope 2 emissions from Oct 2020 onwards.

During financial year ending 31 March 2022 we will implement a further recommendation from our 2019 ESOS Phase 2 energy survey of replacing the 800kW chiller unit at our Chorley site with seven smaller energy efficient air-sourced heat pumps. At our Bolton site we will replace a further 110 conventional light fittings in post-Covid high use office areas with energy efficient LED's as well as carry out a feasibility study to reclaim and re-use wasted heat exhausted from our gas fired product drying tunnels in order to reduce our Scope 1 emissions. We will also commission another full energy survey of the Bolton and Chorley sites under the upcoming ESOS Phase 3 regulations.

Methodology Notes

Reporting Period	**1st April 2020 to 31st March 2021**
Alignment with financial reporting	SECR disclosure has been prepared in line with Vernacare Limited's annual accounts for the year ending 31 March 2021
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2020 for all greenhouse gas emission conversion factors:- 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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

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.

N Boulton
Director

30/9/2021

Independent auditor's report to the members of Verna Group International Limited for the year ended 31 March 2021

Opinion

We have audited the financial statements of Verna Group International Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise a Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, company Statement of Financial Position, Consolidated Statement of Changes in Equity, company Statement of Changes in Equity, 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 group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the 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

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

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 the 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.

Independent auditor's report to the members of Verna Group International Limited for the year ended 31 March 2021 (continued)

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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 for the financial statements

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 group's and 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 group or 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 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.

Independent auditor's report to the members of Verna Group International Limited for the year ended 31 March 2021 (continued)

Explanation as to what extent 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, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks applicable to the company, and the industry in which it operates. We determined the Companies Act 2006 and the FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' to be the most significant laws and regulations to the entity. We enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minute reviews. From the procedures performed we did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- evaluation of the processes and controls established to address the risks related to irregularities and fraud;
- testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
- identifying and testing related party transactions.

The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client operates in and understanding of, and practical experience through training and participation with audit engagements of a similar nature .

In assessing the potential risks of material misstatement, we obtained an understanding of :

- the company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement and
- the company's control environment including the adequacy of procedures for authorisation of transactions.

Use of our report

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

Grant Thornton UK LLP

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
30 September 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	**87,840,149**	*63,397,767*
Cost of sales		**(64,732,521)**	*(40,621,360)*
Gross profit		**23,107,628**	*22,776,407*
Distribution costs		**(5,421,270)**	*(4,365,334)*
Administrative expenses		**(18,102,753)**	*(12,822,599)*
Exceptional administrative expenses	13	**(1,659,948)**	*(612,015)*
Other operating income/(expenses)	5	**24,909**	*678*
Operating (loss)/profit	6	**(2,051,434)**	*4,977,137*
Interest receivable and similar income	10	**1,108**	*1,831*
Interest payable and similar expenses	11	**(159,121)**	*(22,590)*
(Loss)/profit before taxation		**(2,209,447)**	*4,956,378*
Tax charge on profit	12	**(419,529)**	*(964,132)*
(Loss)profit for the financial year		**(2,628,976)**	*3,992,246*
Foreign exchange translation differences		**(20,333)**	*(15,089)*
Total comprehensive income for the year		**(2,649,309)**	*3,977,157*

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

All amounts relate to continuing operations.

VERNA GROUP INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note		31 March 2021 £		31 March 2020 £
Fixed assets					
Intangible assets	14		**46,200,565**		*20,201,926*
Negative goodwill	14		**(10,508,787)**		*(12,085,105)*
Tangible assets	15		**18,921,754**		*7,664,372*
			54,613,532		15,781,193
Current assets					
Stocks	17	**15,876,377**		*5,268,613*	
Debtors: amounts falling due within one year	18	**29,930,898**		*23,961,582*	
Cash at bank and in hand	19	**6,651,609**		*7,576,226*	
		52,458,884		*36,806,421*	
Creditors: amounts falling due within one year	20	**(92,077,092)**		*(30,854,829)*	
Net current assets/(liabilities)			**(39,618,208)**		*5,951,592*
Total assets less current liabilities			**14,995,324**		21,732,785
Creditors: amounts falling due after one year	21		**(152,364)**		*(5,002,139)*
Provisions for liabilities					
Deferred taxation	22		**(2,390,017)**		*(1,628,394)*
Net assets			**12,452,943**		15,102,252
Capital and reserves					
Called up share capital	23		**187,048**		*187,048*
Share premium account	25		**25,180,314**		*25,180,314*
Profit and loss account	25		**(12,914,419)**		*(10,265,110)*
Equity attributable to owners of the parent Group			**12,452,943**		***15,102,252***

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

30/9/2021

N Boulton
Director

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

VERNA GROUP INTERNATIONAL LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note		31 March 2021 £		*31 March 2020 £*
Fixed assets					
Investments	16		**97,000,575**		*33,750,001*
			97,000,575		*33,750,001*
Current assets					
Debtors: amounts falling due within one year	18	**4,749,028**		*4,749,028*	
Creditors: amounts falling due within one year	20	**(113,146,727)**		*(49,800,254)*	
Net current liabilities			**(108,397,699)**		*(45,051,226)*
Total assets less current liabilities			**(11,397,124)**		*(11,301,225)*
Net liabilities			**(11,397,124)**		*(11,301,225)*
Capital and reserves					
Called up share capital	23		**187,048**		*187,048*
Share premium account	25		**25,180,314**		*25,180,314*
Profit and loss account brought forward	25	**(36,668,587)**		*(40,743,222)*	
Profit / (Loss) for the period		**(95,899)**		*4,074,635*	
Profit and loss account carried forward			**(36,764,486)**		*(36,668,587)*
			(11,397,124)		*(11,301,225)*

As permitted by s408 Companies Act 2006, the company has no presented its own profit and loss accounts and related notes.

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

N Boulton
Director

30/9/2021

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

VERNA GROUP INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	*187,048*	*25,180,314*	*(10,265,110)*	*15,102,252*
Loss for the year	-	-	(2,628,976)	(2,628,976)
Exchange differences	-	-	(20,333)	(20,333)
Total comprehensive income for the year	**-**	**-**	**(2,649,309)**	**(2,649,309)**
At 31 March 2021	**187,048**	**25,180,314**	**(12,914,419)**	**12,452,943**

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 2 April 2019	*187,048*	*25,180,314*	*(14,242,267)*	*11,125,095*
Profit for the period	-	-	*3,992,246*	*3,992,246*
Exchange differences	-	-	*(15,089)*	*(15,089)*
Total comprehensive income for the period	-	-	*3,977,157*	*3,977,157*
At 31 March 2020	*187,048*	*25,180,314*	*(10,265,110)*	*15,102,252*

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 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	*187,048*	*25,180,314*	*(36,668,587)*	*(11,301,225)*
Comprehensive income for the year				
Loss for the period	-	-	(95,899)	(95,899)
Total comprehensive income for the year	**-**	**-**	**(95,899)**	**(95,899)**
At 31 March 2021	**187,048**	**25,180,314**	**(36,764,486)**	**(11,397,124)**

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 2 April 2019	*187,048*	*25,180,314*	*(40,743,222)*	*(15,375,860)*
Comprehensive income for the period				
Profit for the period	-	-	*4,074,635*	*4,074,635*
Total comprehensive income for the period	-	-	*4,074,635*	*4,074,635*
At 31 March 2020	*187,048*	*25,180,314*	*(36,668,587)*	*(11,301,225)*

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

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 company'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

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.

2. Accounting policies (continued)

2.2 Basis of consolidation (continued)

The consolidated group financial statements consist of the financial statements of the parent company Verna Group International Limited together with all entities controlled by the parent company (its subsidiaries). All financial statements are made up to 31 March 2021 . 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.

2.3 Going concern

The Group meets its day to day working capital requirements through a £5m revolving facility commitment. The Group has prepared forecasts and projections, taking account the lingering impact of Covid-19, the International market conditions and the Group's unique competitive position in the infection control market that have enabled it to strengthen its position in UK, European and other International markets show that the Group should be able to operate within the level of its existing facility.

Throughout this period we have prioritised the health and safety of our employees with precautionary measures including social distancing, availability of hand sanitiser and PPE and isolation and testing of employees who show symptoms themselves or within their families. This has meant that the Group has suffered no discontinuity of service to our customers, including the NHS, which has meant we have been able to maintain liquidity from our operations. The prepared forecasts and projections have taken this into account along with the Group's treasury and supply chain management.

The Group's total debt used for financing the strategic acquisitions stands at £102m at the reporting date. The Group has considered the service of this debt and any relevant covenant compliance when preparing the forecasts and projections.

The financial resilience of our balance sheet, the extent of our cash resources and the quality of our customer receivables meant that we have not needed to draw on emergency Government lending.

The diversity of our product offer across the Verna Group has proved an invaluable asset during the pandemic and this was expanded via strategic acquisitions in the year. It meant during the lockdowns, and the decline in elective medical procedures, our vast range of infection control products, including single-use disposable products to IPA wipes which help prevent the spread of the coronavirus, and the Group's innovative Low Dead Space injecting solutions, which reduce vaccine waste to help maximise the vaccinated population, helped to mitigate any decline.

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 has 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. Accounting policies (continued)

2.4 Reporting period

The reporting period covers 1 April 2020 through to 31 March 2021.

2.5 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.

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities. 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. Amortisation is included in 'administrative expenses' in the profit and loss account. 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

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% to 10% on cost
Negative goodwill	-	10% on cost
Order book	-	100% over 4 weeks
Brands	-	10% to 100% on cost

2. Accounting policies (continued)

2.6 Intangible assets (continued)

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.

2.7 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.

2.8 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. Accounting policies (continued)

2.9 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.

2.10 Fixed Asset Investments

Investments in subsidiaries are measured at cost less accumulated impairment. 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.

2.11 Impairment of Fixed Assets

Assets that are subject to depreciation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 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.

2.13 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.

2.14 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. Accounting policies (continued)

2.15 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.

2.16 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.

2.17 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.

2. Accounting policies (continued)

2.17 Foreign currency translation (continued)

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.

2.18 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.

2.19 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 6 years and is repayable during September 2026. The capitalised borrowing costs are amortised over 6 years, approximately 14.3% per year.

2.20 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 fund

2. Accounting policies (continued)

2.21 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.

2.22 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.

Other government grants relating to expenditure are recognised in the same period as the associated expenditure.

2.23 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.

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. Accounting policies (continued)

2.24 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.

2.25 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.

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 £15,876,377 (*2020*: £5,268,613), 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.

Valuation of trademarks and stock on acquisition
Management has capitalised trademarks and fair valued stock as a part of the goodwill calculation (refer to note 25) and reviews the judgements at balance sheet date. These intangible assets have been valued using the Royalty Relief Methodology (Trademark) and the a review of margin approach on stock to ensure that finished goods are valued at selling price, less the sum of (a) the cost of disposal, and (b) a reasonable profit allowance for the acquirer's selling effort, based on the profit for similar finished goods.

Carrying value of investments held as fixed assets
Investments held as 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 value in use calculations which require estimates to be made of future cash flows and discount rate.

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

Classification of leases

The company has entered into leases as a lessee to obtain the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

4. Turnover

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

	2021 £	*2020* £
Sale of goods	**86,534,048**	*62,024,953*
Rendering of services	**1,306,101**	*1,372,814*
	87,840,149	*63,397,767*

	2021 £	*2020* £
United Kingdom	**53,600,898**	*39,386,826*
Rest of Europe	**17,004,207**	*9,234,205*
Rest of the world	**17,235,044**	*14,776,736*
	87,840,149	*63,397,767*

5. Other operating income/(expenses)

	2021 £	*2020* £
Grants receivable	**28,027**	*-*
Sundry income/(expenses)	**(4,330)**	*748*
Gain/(loss) on disposal of tangible assets	**1,212**	*(70)*
	24,909	*678*

Government grants relate to receipts received from the Coronavirus Job Retention Scheme.

6. Operating profit

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

	2021 **£**	*2020* *£*
Research & development charged as an expense	**1,075,463**	*257,411*
Exchange differences	**238,749**	*(113,608)*
Depreciation of tangible fixed assets	**2,126,072**	*1,675,089*
Amortisation of intangible assets, including goodwill	**3,069,112**	*1,806,687*
Exceptional costs	**1,659,948**	*612,015*
(Gain)/Loss on disposal of fixed assets	**(1,212)**	*70*
Operating lease rentals	**1,068,258**	*853,429*

7. Auditor's remuneration

	2021 **£**	*2020* *£*
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	**122,000**	*45,500*
	127,000	*50,500*

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.

8. Employees

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

	Group 31 March 2021 £	*Group 31 March 2020 £*	**Company 31 March 2020 £**	*Company 31 March 2019 £*
Wages and salaries	**10,775,297**	*9,680,336*	-	-
Social security costs	**1,005,105**	*941,711*	-	-
Cost of defined contribution scheme	**703,201**	*659,573*	-	-
	12,483,603	*11,281,620*	-	-

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

	2021 No.	*2020 No.*
Sales and Trading	**286**	*171*
Process and administration	**115**	*101*
	401	*272*

The Group has no employees, other than the directors, who did not receive any remuneration (*2020: £Nil*).

9. Directors' remuneration

During the year, directors received total remuneration of £280,758 *(2020: £698,560)* and total pension contributions of £5,893 *(2020: £16,438).*

During the year retirement benefits were accruing to 2 directors *(2020: 3)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £182,344 *(2020: £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 £4,099 *(2020: £4,131).*

10. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	**1,108**	*1,831*

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	**149,880**	*9,673*
Other loan interest payable	**9,241**	*12,917*
	159,121	*22,590*

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax charge on profits for the year	**811,488**	*766,237*
Adjustments in respect of previous periods	**(108,620)**	*(61,193)*
	702,868	705,044
Group taxation relief	**(10,001)**	*284,392*
Total Corporation Tax	**692,867**	*989,436*
Add: Foreign tax on income for the year	**38,725**	*212,405*
Total current tax	**731,592**	*1,201,841*
Add: Deferred tax (note 22)		
Origination and reversal of timing differences	**(336,036)**	*(237,709)*
Adjustments in respect of prior years	**23,973**	-
Total deferred tax	**(312,063)**	*(237,709)*
Taxation charge on profit on ordinary activities	**419,529**	*964,132*

12. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the year is higher than *(2020: higher than)* the standard rate of corporation tax in the UK of 19% *(2020:19%)*. The differences are explained below:

	2021 £	*2020* *£*
Profit on ordinary activities before tax	**(2,209,448)**	*4,956,378*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2019 - 19%)*	**(419,795)**	*941,712*
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**573,361**	*330,450*
Fixed asset differences	**10,000**	*(241,102)*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**340,610**	*45,160*
Adjustments to tax charge in respect of prior periods	**(84,647)**	*(61,193)*
Rate difference - deferred tax	**-**	*(74,890)*
Higher taxes on overseas earnings	**-**	*23,995*
Total tax charge for the period	**419,529**	*964,132*

13. Exceptional items

	2021 £	*2020* *£*
Exceptional administrative expense	**1,659,948**	*612,015*

The current year and prior year exceptional items mainly relate to the restructuring of the business following the acquisitions in the year.

14. Intangible fixed assets
Group

	Software	Patents	Development	Goodwill	Brands	Order book	Negative goodwill	Total
	£	£	£	£	£	£	£	£
Cost								
At 1 April 2020	*836,774*	*12,696,716*	*1,912,027*	*34,784,226*	-	-	*(15,763,180)*	*34,466,563*
Additions	**1,000**	**54,454**	**730,136**	-	-	-	-	**785,590**
Additions – Business Combinations	-	-	-	**27,333,427**	**4,374,711**	**132,000**	-	**31,840,138**
Transfers	-	-	**(2,642,163)**	-	-	-	-	**(2,642,163)**
Disposals	-	-	-	-	-	**(132,000)**	-	**(132,000)**
Foreign exchange movement	**44**	-	-	-	-	-	-	**44**
At 31 March 2021	**837,818**	**12,751,170**	-	**62,117,653**	**4,374,711**	-	**(15,763,180)**	**64,318,172**
Amortisation								
At 1 April 2020	*773,844*	*3,216,756*	*582,192*	*25,455,024*	-	-	*(3,678,075)*	*26,349,741*
Additions – Business Combinations	-	-	-	-	-	-	-	**0**
Charge for the year	**36,601**	**1,255,002**	**78,267**	**3,021,229**	**122,331**	**132,000**	**(1,576,318)**	**3,069,112**
Transfers	-	-	**(660,459)**	-	-	-	-	**(660,459)**
Disposals	-	-	-	-	-	**(132,000)**	-	**(132,000)**
At 31 March 2021	**810,445**	**4,471,758**	-	**28,476,253**	**122,331**	-	**(5,254,393)**	**28,626,394**
Net book value								
At 31 March 2021	**27,373**	**8,279,412**	-	**33,641,400**	**4,252,380**	-	**(10,508,787)**	**35,691,778**
At 31 March 2020	*62,930*	*9,479,960*	*1,329,834*	*9,329,202*	-	-	*(12,085,105)*	*8,116,821*

15. Tangible fixed assets

Group

	Freehold Land and Buildings	Leasehold Land and Buildings £	Plant and machinery £	Assets under construction £	Total £
Cost					
At 1 April 2020	*1,729,865*	*947,017*	*23,613,680*	-	*26,290,562*
Additions	**217,149**	-	**1,790,768**	-	**2,007,917**
Additions – Business Combinations	**6,641,594**	**21,305**	**3,548,559**	-	**10,211,458**
Transfers	-	-	**1,101,789**	**719,210**	**1,820,999**
Disposals	-	-	**(8,427,015)**	-	**(8,427,015)**
Exchange adjustments	-	-	**4,728**	-	**4,728**
At 31 March 2021	**8,588,608**	**968,322**	**21,632,509**	**719,210**	**31,908,649**
Depreciation					
At 1 April 2020	578,729	368,951	*17,678,511*	-	*18,626,191*
Charge for the year	**103,077**	**96,379**	**1,926,617**	-	**2,126,073**
Transfers	-	-	**660,459**	-	**660,459**
Eliminated on disposals	-	-	**(8,427,015)**	-	**(8,427,015)**
Exchange adjustments	-	-	**1,187**	-	**1,187**
At 31 March 2021	**681,806**	**465,330**	**11,839,759**	-	**12,986,895**
Net book value					
At 31 March 2021	**7,906,802**	**502,992**	**9,792,750**	**719,210**	**18,921,754**
At 31 March 2020	*1,151,136*	*578,066*	*5,935,170*	*7,664,372*	*7,664,372*

Plant and machinery with a carrying value of £271,250 (*2020: £306,250*) is held under a finance lease.

Depreciation charged in the year of £35,000 (*2020: £35,000)* on assets held under finance lease.

The company has no tangible fixed assets at 31 March 2021.

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
Vernacare International Limited	Ordinary	100 %	Intermediate holding Company
Vernacare HCS Limited	Ordinary	100 %	Dormant
Frontier Plastics Limited	Ordinary	100%	Design, development, manufacture, and sale of Infection Prevention products for the medical and healthcare sectors.
Frontier NX Limited	Ordinary	100%	Design, development, manufacture, and sale of Infection Prevention products for the medical and healthcare sectors.
Robinson Healthcare Group Limited	Ordinary	100%	Intermediate holding company

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
Vernacare IPCO Limited	Ordinary	100%	Dormant
Frontier Multigate Limited	Ordinary	100%	Dormant
Robinson Healthcare Holdings Limited	Ordinary	100%	Intermediate holding company
Robinson Healthcare Limited	Ordinary	100%	Manufacture, marketing and distribution of personal hygiene, healthcare and veterinary products and medical devices.
Business Creation Real Estate Carlton Facility 3 Limited	Ordinary	100%	Letting of owned real estate.
Praetorian Disposable Products Limited	Ordinary	100%	Dormant
Exmoor Plastics Limited	Ordinary	100%	Development, marketing and distribution of medical equipment, instruments and materials.
Exmoor Innovations Limited	Ordinary	100%	Marketing and sale of medical equipment.
Robinson Medical Equipment (Hefei) Co Limited	Ordinary	100%	Marketing and sale of medical equipment.
Vernacare EBT Trustee Limited	Ordinary	100%	Dormant

Name	Registered office
Verna Group International Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Vernacare Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Vernacare South Africa (Pty) Limited	Unit 36B Angus Crescent, Long Meadow East Business Park, Edenvale, 1630, South Africa
Vernacare Canada Inc	Suite 2700, Stantec Tower, 10220 – 103 Avenue NW, Edmonton, Alberta TJ5 0K4
Vernacare Inc	6225 Smith Ave. Baltimore, MD 21209
Vernacare International Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Vernacare International Corporation	6225 Smith Ave. Baltimore, MD 21209
Vernacare International Canada Inc	Suite 2700, Stantec Tower, 10220 – 103 Avenue NW, Edmonton, Alberta TJ5 0K4
Vernacare HCS Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Vernacare IPCO Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Frontier Plastics Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Frontier NX Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Frontier Multigate Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Robinson Healthcare Group Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Robinson Healthcare Holdings Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Robinson Healthcare Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Business Creation Real Estate Carlton Facility 3 Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Praetorian Disposable Products Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Exmoor Plastics Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Exmoor Innovations Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom
Robinson Medical Equipment (Hefei) Co Limited	1588 Mozitan Road, High Technology Zone, Hefei, Anhui, 230000, China.
Vernacare EBT Limited	1 Western Avenue, Matrix Park, Buckshaw Village, Chorley, Lancashire PR7 7NB, United Kingdom

Exmoor Innovations Limited is entitled to and has taken advantage of the exemption from audit available under Section 479A of the Companies Act 2006 relating to subsidiary companies.

16. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost	
At 31 March 2020	*33,750,001*
Additions	**63,250,574**
At 31 March 2021	**97,000,575**
Net book value	
At 31 March 2021	**97,000,575**
At 31 March 2020	*33,750,001*

Frontier Plastics Limited and its subsidiary was acquired on 10 July 2020 and the total cost of investment by Verna Group International Limited at 31 March 2021 was £25,645,911.

Frontier NX Limited was acquired on 10 July 2020 and the total cost of investment by Verna Group International Limited at 31 March 2021 was £3,303,015.

Robinson Healthcare Group Limited and its subsidiaries was acquired on 2 March 2021 and the total cost of investment by Verna Group International Limited at 31 March 2021 was £34,301,647.

17. Stocks

	Group 31 March 2021 £	*Group 31 March 2020 £*
Raw materials and consumables	**6,481,512**	*2,115,334*
Finished goods and goods for resale	**9,394,865**	*3,153,279*
	15,876,377	*5,268,613*

There is no stock held by the company at 31 March 2021.

18. Debtors

	Group 31 March 2021 £	*Group 31 March 2020 £*	**Company 31 March 2021 £**	*Company 31 March 2020 £*
Trade debtors	**22,263,085**	*11,965,037*	-	-
Amounts owed by group undertakings	**3,655,482**	*10,237,203*	4,749,028	*4,749,028*
Other debtors	**271,930**	*267,021*	-	-
Prepayments and accrued income	**2,573,850**	*1,371,571*	-	-
Other Taxation	**1,166,551**	*120,750*	-	-
	29,930,898	*23,961,582*	*4,749,028*	*4,749,028*

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

19. Cash and cash equivalents

	Group 31 March 2021 £	*Group 31 March 2020 £*	**Company 31 March 2021 £**	*Company 31 March 2020 £*
Cash at bank and in hand	**6,651,609**	*7,576,225*	-	-
	6,651,609	*7,576,225*	-	-

20. Creditors: Amounts falling due within one year

	Group 31 March 2021 £	*Group 31 March 2020 £*	**Company 31 March 2021 £**	*Company 31 March 2020 £*
Bank loans	-	*6,703*	-	-
Trade creditors	**16,486,088**	*7,044,126*	-	-
Amounts owed to group undertakings	**67,990,992**	*18,956,611*	**112,386,671**	*49,800,253*
Corporation tax	**1,288,342**	*795,725*	-	-
Other taxation and social security	**1,035,624**	*304,188*	-	-
Other creditors	**286,993**	*70,128*	**562,209**	-
Accruals and deferred income	**4,895,918**	*3,588,831*	**197,847**	-
Finance lease	**93,135**	*88,517*	-	-
	92,077,092	*30,854,829*	**113,146,727**	*49,800,253*

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

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

	Group 31 March 2021 £	*Group 31 March 2020 £*
Amounts falling due 1-2 years		
Finance lease	**24,039**	*117,139*
Grants	**122,426**	-
Accruals and deferred income	**5,899**	-
Amounts falling due after 5 years		
Bank loans	-	*4,885,000*
	152,364	*5,002,139*

The group had drawn down on a revolving credit facility of £4.885m from Pemberton via Lucid Agency, in the prior year. This has been transferred to Vienna Bidco Limited.

22. Deferred taxation provision

	Group 31 March 2021 £	*Group 31 March 2020 £*
At beginning of year	**1,628,394**	*1,866,103*
Charged to profit or loss (note 12)	**(312,063)**	*(237,709)*
Additions – business combinations	**1,073,686**	
At end of year	**2,390,017**	*1,628,394*

The provision for deferred taxation is made up as follows:

	Group 31 March 2021 £	*Group 31 March 2020 £*
Accelerated capital allowances	**2,461,120**	*1,680,319*
Other short-term timing differences	**(71,103)**	*(51,925)*
	2,390,017	*1,628,394*

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23. Share capital

	31 March 2021	*31 March 2020*
	£	*£*
Authorised, allotted, called up and fully paid		
18,704,800 *(2020 - 18,704,800)* A ordinary shares of £0.01 each	**187,048**	*187,048*

24. Business combinations

On 10 July 2020 the Company acquired 100 percent of the issued share capital of Frontier Plastics Limited and its subsidiary.

The following table summarises the consideration paid by the Group, the fair value of the assets acquired and liabilities assumed at the acquisition date.

	Book Value	Adjustments	Fair Value
Net assets acquired	**£**	**£**	**£**
Property, Plant and Equipment	**4,411,574**	**-**	**4,411,574**
Development costs (a)	**60,000**	**(60,000)**	**-**
Order book (b)	**-**	**132,000**	**132,000**
Brand (c)	**-**	**1,284,000**	**1,284,000**
Stock (d)	**915,708**	**310,498**	**1,226,207**
Trade and other receivables	**3,903,025**	**-**	**3,903,025**
Cash and cash equivalents	**1,005,430**	**-**	**1,005,430**
Trade and other payables	**(814,950)**	**-**	**(814,950)**
Deferred tax (e)	**(37,000)**	**(269,000)**	**(306,000)**
Total identifiable net assets	**9,443,787**	**1,397,498**	**10,841,285**
Goodwill (note 14)			**14,804,626**
Total Consideration			**25,645,911**

The consideration was satisfied by:	**£**
Cash	**24,606,514**
Incremental acquisition costs	**1,039,397**
	25,645,911

The adjustments arising on acquisition where in respect of the following:

(a) The acquired development costs of £60,000 were not considered to be seperable no arising from contractual rights.

(b) A forward order book of £132,000 has been recognised (note 14).

(c) Brands totalling £1,284,000 has been recognised (note 14)

24. Business combinations (continued)

(d) Stock of £915,709 was considered to have a fair value of £1,226,207.

(e) Deferred tax adjustment of £269,000 as a result of the acquisition adjustments.

The residual value of goodwill represents customer relationships and the workforce value not recognised.

Contribution by the acquired business for the reporting period included in the Group statement of comprehensive income since acquisition:

	£
Turnover	**14,257,214**
Profit after tax	**325,784**

24. Business combinations (continued)

On 10 July 2020 the Company acquired 100 percent of the issued share capital of Frontier NX Limited.

The following table summarises the consideration paid by the Group, the fair value of the assets acquired and liabilities assumed at the acquisition date.

	Book Value	Adjustments	Fair Value
Net assets acquired	**£**	**£**	**£**
Property, Plant and Equipment	**166,426**	**-**	**166,426**
Development costs (a)	**16,000**	**(16,000)**	**-**
Stock (b)	**678,292**	**372,600**	**1,050,891**
Trade and other receivables	**561,975**	**-**	**561,975**
Cash and cash equivalents	**371,570**	**-**	**371,570**
Trade and other payables	**(877,050)**	**-**	**(877,050)**
Deferred tax	**(34,000)**	**-**	**(34,000)**
Total identifiable net assets	**883,213**	**356,600**	**1,239,813**
Goodwill (note 14)			**2,063,202**
Total Consideration			**3,303,015**

The consideration was satisfied by:	**£**
Cash	**2,390,000**
Incremental acquisition costs	**913,015**
	3,303,015

The adjustments arising on acquisition where in respect of the following:

(a) The acquired development costs of £16,000 were not considered to be separable no arising from contractual rights.

(b) Stock of £678,291 was considered to have a fair value of £1,050,891.

The residual value of goodwill represents customer relationships and the workforce value not recognised.

Contribution by the acquired business for the reporting period included in the Group statement of comprehensive since acquisition:

	£
Turnover	**5,275,586**
Profit after tax	**137,456**

24. Business combinations (continued)

On 2 March 2021 the Company acquired 100 percent of the issued share capital of Robinson Healthcare Group Limited and its subsidiaries.

The following table summarises the consideration paid by the Group, the fair value of the assets acquired and liabilities assumed at the acquisition date.

	Book Value	Adjustments	Fair Value
Net assets acquired	**£**	**£**	**£**
Goodwill (a)	**431,335**	**(431,335)**	**-**
Property, plant and equipment	**5,633,458**	**-**	**5,633,458**
Brand (b)	**-**	**3,090,711**	**3,090,711**
Stock (c)	**6,906,077**	**2,383,354**	**9,289,431**
Trade and other receivables	**5,087,482**	**-**	**5,087,482**
Cash and cash equivalents	**2,606,764**	**-**	**2,606,764**
Trade and other payables	**(1,138,112)**	**-**	**(1,138,112)**
Deferred tax (d)	**(146,451)**	**(587,235)**	**(733,686)**
Total identifiable net assets	**19,380,553**	**4,455,495**	**23,836,048**
Goodwill (note 14)			**10,465,599**
Total Consideration			**34,301,647**

The consideration was satisfied by:	**£**
Cash	**31,643,358**
Deferred consideration	**1,886,342**
Incremental acquisition costs	**771,647**
	34,301,647

The adjustments arising on acquisition where in respect of the following:

(a) The goodwill of £431,335 was considered to be fully impaired at acquisition.

(b) Brands totalling £3,090,711 have been recognised (note 14).

(c) Stock of £6,906,077 was considered to have a fair value of £9,289,431.

24. Business combinations (continued)

(d) Deferred tax adjustment of £587,235 as a result of the acquisition adjustments.

The residual value of goodwill represents customer relationships and the workforce value not recognised.

Contribution by the acquired business for the reporting period included in the Group statement of comprehensive since acquisition:

	£
Turnover	**1,876,899**
Loss after tax	**(279,883)**

25. 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.

26. 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 2021, the bank borrowings covered by the guarantee was £105.9m *(2020: HSBC £50.2m).*

27. 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 £703,201 *(2020: £659,573)*. Contributions totalling £13,194 *(2020: £12,375)* were payable to the fund at the year-end date and are included in creditors.

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27. Commitments under operating leases

At 31 March 2021 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 31 March 2021 £	*Group 31 March 2020 £*
Land and buildings		
Not later than 1 year	**730,465**	*822,251*
Later than 1 year and not later than 5 years	**2,264,435**	*2,751,093*
Later than 5 years	**8,480,000**	*8,883,152*
	11,474,900	*12,456,496*

	Group 31 March 2021 £	**Group** *31 March 2020 £*
Other		
Not later than 1 year	**282,733**	*57,169*
Later than 1 year and not later than 5 years	**248,407**	*326,135*
Later than 5 years	**-**	*-*
	531,140	*383,304*

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.

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 Vienna Topco 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.