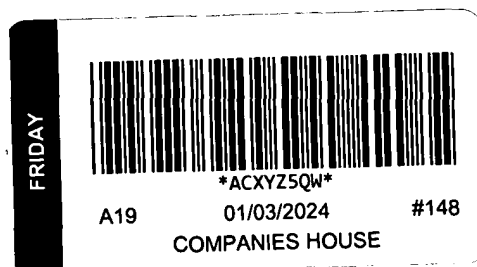


Registered number: 06877902

QUEST MEDICAL UK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2023



QUEST MEDICAL UK LTD

COMPANY INFORMATION

Director	J M A Walters
Registered number	06877902
Registered office	Nutty's Farm Childerditch Lane Little Warley Brentwood Essex CM13 3EH
Independent auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

QUEST MEDICAL UK LTD

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QUEST MEDICAL UK LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2023

Introduction

The director presents the strategic report for the year ended 31 May 2023.

Business review

The results for the year reflect a growth in sales of all sectors of the business reflecting in an increase in turnover from £16.1 million to £21.4 million, with gross profit increasing from £4.1 million to £5.1 million with a slight decrease in gross margin to 23.8% from 25.5%. With the introduction of new systems in Q2 2023 we are anticipating the gross margin % to increase due to more efficient internal processes.

Profit before tax increased by 34% to £1.25m with shareholders funds increasing to £2.76m from £1.98m which is a result of the company's growth in the financial period.

The company continues to explore new opportunities and is well placed to capitalise on these due to its increasing liquidity from £1.61m to £2.15m and thus the future trading prospect remain encouraging.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a few risks. The main risk, inherent to the industry, is the recoverability of trade debtors. However, the company has built up good relationships with major customers who have a history of minimal bad debt.

Financial key performance indicators

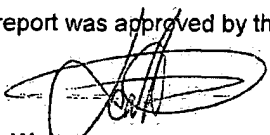
The company's principle financial instruments comprise cash and liquid resources. The main purpose of these instruments is to finance the company's operations. The company has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations.

In respect of bank balances, the liquidity risk is managed by maintaining a positive cash balance. All of the company's cash balances are held in such a way that achieves a competitive rate of interest. The company makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk policies concerning the credit offered to customers and regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

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



J M A Walters
Director

Date: 28.2.24

QUEST MEDICAL UK LTD

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MAY 2023

The director presents his report and the financial statements for the year ended 31 May 2023.

Principal activity

The principal activity of the company continued to be that of the transportation and facilities management of medical trailers and associated equipment.

Director

The director who served during the year was:

J M A Walters

Director's responsibilities statement

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,177,810 (2022 - £604,183).

Ordinary dividends were paid amounting to £400,000 (2022 - £400,000).

QUEST MEDICAL UK LTD

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023**

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Crowe U.K. 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.



J M A Walters
Director

Date: 28.2.24

QUEST MEDICAL UK LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEST MEDICAL UK LTD

Opinion

We have audited the financial statements of Quest Medical UK LTD (the 'Company') for the year ended 31 May 2023, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

QUEST MEDICAL UK LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEST MEDICAL UK LTD (CONTINUED)

Other information

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Director's responsibilities statement set out on page 2, the director is 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 director determines 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 director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

QUEST MEDICAL UK LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEST MEDICAL UK LTD (CONTINUED)

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.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our: general commercial and sector experience; through verbal and written communications with those charged with governance and other management, and via inspection of the company's regulatory and legal correspondence.

We discussed with those charged with governance and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations to our team and remained alert to any indicators of non-compliance throughout the audit. We also specifically considered where and how fraud may occur within the company.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements, including: the company's constitution, relevant financial reporting standards; company law: tax legislation and distributable profits legislation and we assess the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for instance through the imposition of fines and penalties, or through losses arising from litigations. We identified the following areas as those most likely to have such an affect: employment legislation; health and safety legislation; GDPR; anti-bribery and anti-corruption legislation.

International Auditing Standards (UK) limit the required procedures to identify non-compliance with these laws and regulations to the procedures, and no procedures over and above those already noted are required. These limited procedures did not identify any actual or suspected non-compliance which laws and regulations that could have a material impact on the financial statements.

QUEST MEDICAL UK LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEST MEDICAL UK LTD (CONTINUED)

In relation to fraud, we performed the following specific procedures in addition to those already noted:

- Challenging assumptions made by management in its significant accounting estimates in particular: depreciation of tangible fixed assets and deferred tax provisions;
- Identifying and testing journal entries, in particular any entries posted with unusual nominal ledger account combinations, journal entries crediting cash or any revenue account, journal entries posted by senior management;
- Performing analytical procedures to identify unexpected movements in account balances which may be indicative of fraud;
- Ensuring that testing undertaken on both the performance statement, and the Balance Sheet includes a number of items selected on a random basis:

These procedures did not identify any actual or suspected fraudulent irregularity that could have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with International Auditing Standards UK. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the procedures that we are required to undertake would identify it. In addition, as with any audit, there remains a high risk of non-detection of irregularities, as these might involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls. We are not responsible for preventing non-compliance with laws and regulations or fraud, and cannot be expected to detect non-compliance with all laws and regulations or every incidence of fraud.

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

Use of our report

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



Stephen Bullock (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill
London

EC4M 7JW

Date: 28 February 2024

QUEST MEDICAL UK LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2023**

	Note	2023 £	2022 £
Turnover	4	21,436,111	16,131,206
Cost of sales		(16,311,622)	(12,000,181)
Gross profit		5,124,489	4,131,025
Administrative expenses		(3,868,800)	(3,200,700)
Operating profit	5	1,255,689	930,325
Interest receivable and similar income		4,785	42
Interest payable and similar expenses	10	(13,438)	-
Profit before tax		1,247,036	930,367
Tax on profit	11	(69,226)	(326,184)
Profit for the financial year		1,177,810	604,183

The notes on pages 13 to 26 form part of these financial statements.

QUEST MEDICAL UK LTD
REGISTERED NUMBER: 06877902

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	1,844,390	1,926,979
Current assets			
Stocks	14	137,115	109,000
Debtors	15	4,174,602	4,765,266
Cash at bank and in hand	16	1,735,139	461,203
		<u>6,046,856</u>	<u>5,335,469</u>
Current liabilities			
Creditors: amounts falling due within one year	17	(3,898,942)	(3,727,498)
Net current assets		<u>2,147,914</u>	<u>1,607,971</u>
Total assets less current liabilities		<u>3,992,304</u>	<u>3,534,950</u>
Creditors: amounts falling due after more than one year	18	(776,465)	(1,070,005)
Provisions for liabilities			
Deferred tax	20	(454,829)	(481,745)
Net assets		<u><u>2,761,010</u></u>	<u><u>1,983,200</u></u>
Capital and reserves			
Called up share capital	21	107	107
Capital redemption reserve		15	15
Profit and loss account		2,760,888	1,983,078
		<u><u>2,761,010</u></u>	<u><u>1,983,200</u></u>

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


J M A Walters
 Director

Date: 28.2.24

The notes on pages 13 to 26 form part of these financial statements.

QUEST MEDICAL UK LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2023

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 June 2021	107	15	1,778,895	1,779,017
Comprehensive Income for the year				
Profit for the year	-	-	604,183	604,183
Dividends: Equity capital	-	-	(400,000)	(400,000)
At 1 June 2022	107	15	1,983,078	1,983,200
Comprehensive Income for the year				
Profit for the year	-	-	1,177,810	1,177,810
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(400,000)	(400,000)
At 31 May 2023	107	15	2,760,888	2,761,010

The notes on pages 13 to 26 form part of these financial statements.

QUEST MEDICAL UK LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2023**

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	1,177,810	604,183
Adjustments for:		
Depreciation of tangible assets	669,699	373,582
Loss on disposal of tangible assets	(29,254)	(85,144)
Interest received	(4,785)	(42)
Taxation charge	69,226	326,184
(Increase)/decrease in stocks	(28,115)	5,400
Decrease/(increase) in debtors	590,664	(1,921,523)
Decrease in amounts owed by groups	-	71,315
Increase in creditors	511,141	1,539,584
(Decrease)/increase in amounts owed to groups	(168,973)	172,658
Corporation tax (paid)	(266,866)	(271,010)
Net cash generated from operating activities	2,520,547	815,187
Cash flows from investing activities		
Purchase of tangible fixed assets	(609,538)	(1,461,300)
Sale of tangible fixed assets	51,682	123,529
Interest received	4,785	42
Net cash from investing activities	(553,071)	(1,337,729)
Cash flows from financing activities		
Repayment of/new finance leases	(293,540)	672,170
Dividends paid	(400,000)	(400,000)
Net cash used in financing activities	(693,540)	272,170
Net increase/(decrease) in cash and cash equivalents	1,273,936	(250,372)
Cash and cash equivalents at beginning of year	461,203	711,575
Cash and cash equivalents at the end of year	1,735,139	461,203
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,735,139	461,203

The notes on pages 13 to 26 form part of these financial statements.

QUEST MEDICAL UK LTD

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MAY 2023**

	At 1 June 2022 £	Cash flows £	At 31 May 2023 £
Cash at bank and in hand	461,203	1,273,936	1,735,139
Debt due within 1 year	(20,953)	(4,123)	(25,076)
Finance leases	(1,689,454)	209,390	(1,480,064)
	<u>(1,249,204)</u>	<u>1,479,203</u>	<u>229,999</u>

The notes on pages 13 to 26 form part of these financial statements.

QUEST MEDICAL UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

1. General information

Quest Medical UK Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Field House Farm, 3 Cecil's Barn, Dunnings Lane, West Hamdan, Essex. CM13 3HE.

The principal activity of the company continued to be that of the transportation and facilities management of medical trailers and associated equipment.

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.

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

The following principal accounting policies have been applied:

2.2 Going concern

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

2.3 Revenue

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

QUEST MEDICAL UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

2. Accounting policies (continued)

2.6 Finance costs

Finance costs are charged to profit or loss 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.

2.7 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss 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 Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

2.9 Tangible fixed assets

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.

QUEST MEDICAL UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis.

Long-term leasehold property	- over the lease term
Plant and machinery	- straight line over 3 to 5 years
Motor vehicles	- straight line over 2 to 5 years

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 profit or loss.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. 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.

2.11 Debtors

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

2.12 Cash and cash equivalents

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

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.13 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.

QUEST MEDICAL UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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.

2.15 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Statement of financial position when the Company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

QUEST MEDICAL UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

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

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

QUEST MEDICAL UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

2. Accounting policies (continued)

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

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

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

Key Sources of estimation uncertainty

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

Depreciation

Depreciation is based on an estimate of the useful economic life of each asset. Leasehold land and properties are expected to have a useful economic life over the lease term. Plant & equipment and motor vehicles are expected to have a useful economic life of between 3 to 5 years and 2 to 5 years respectively.

Accrued & deferred income

Estimates for accrued and deferred income are based on the current expected income known to relate to the period in question. Expected income is based on the stage of completion of a contract which is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

QUEST MEDICAL UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Engineering	10,839,513	10,591,414
Logistics	9,566,191	4,965,071
Other	1,030,407	574,721
	<u>21,436,111</u>	<u>16,131,206</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	<u>21,436,111</u>	<u>16,131,206</u>

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Depreciation of owned tangible fixed assets	101,929	74,377
Depreciation of tangible fixed assets held under finance leases	585,823	299,205
Profit on disposal of tangible fixed assets	(29,254)	(85,144)
Operating lease charges	<u>1,031,407</u>	<u>789,623</u>

6. Auditor's remuneration

Fees payable to the company's auditor and associates:

	2023 £	2022 £
Fees payable for the audit of the Company's financial statements	<u>17,500</u>	<u>15,150</u>

QUEST MEDICAL UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

7. Employees

Staff costs, including director's remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	6,267,285	4,331,388
Social security costs	697,138	486,571
Cost of defined contribution scheme	145,737	83,200
	<u>7,110,160</u>	<u>4,901,159</u>

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

	2023 No.	2022 No.
Employees	<u>136</u>	<u>99</u>

8. Director's remuneration

	2023 £	2022 £
Director's emoluments	<u>251,040</u>	<u>245,940</u>

The highest paid director received remuneration of £251,040 (2022 - £245,940).

9. Interest receivable

	2023 £	2022 £
Interest on bank deposit	<u>4,785</u>	<u>42</u>

QUEST MEDICAL UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

10. Interest payable and similar expenses

	2023	2022
	£	£
Other interest payable	13,438	-

11. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	96,142	-
Adjustments in respect of previous periods	-	5,854
Total current tax	96,142	5,854
Deferred tax		
Origination and reversal of timing differences	(26,916)	320,330
Total deferred tax	(26,916)	320,330
Tax on profit	69,226	326,184

QUEST MEDICAL UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2022 - the same as) the standard rate of corporation tax in the UK of 20% (2022 - 19%) as set out below:

	2023 £	2022 £
Profit on ordinary activities before tax	1,247,036	930,367
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2022 - 19%)	249,441	176,770
Effects of:		
Fixed assets differences	(27,705)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	376	(1,569)
Capital allowances for year in excess of depreciation	-	(261,263)
Utilisation of tax losses	-	86,062
Under/(over) provided in prior years	-	5,854
Accelerated capital allowances	-	320,330
Movement in deferred tax not recognised	(137,115)	-
Remeasurement of deferred tax for changes in tax rates	22,028	-
Group relief	(37,800)	-
Marginal relief	1	-
Total tax charge for the year	69,226	326,184

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2023 £	2022 £
Interim paid	400,000	400,000

QUEST MEDICAL UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

13. Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 June 2022	120,290	-	3,060,351	3,180,641
Additions	-	92,794	516,744	609,538
Disposals	-	-	(22,428)	(22,428)
At 31 May 2023	120,290	92,794	3,554,667	3,767,751
Depreciation				
At 1 June 2022	28,069	-	1,225,593	1,253,662
Charge for the year on owned assets	24,059	7,901	655,792	687,752
Disposals	-	-	(18,053)	(18,053)
At 31 May 2023	52,128	7,901	1,863,332	1,923,361
Net book value				
At 31 May 2023	68,162	84,893	1,691,335	1,844,390
At 31 May 2022	92,221	-	1,834,758	1,926,979

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2023 £	2022 £
Motor vehicles	1,570,714	1,769,588

14. Stocks

	2023 £	2022 £
Raw materials and consumables	137,115	109,000

QUEST MEDICAL UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

15. Debtors: Amounts falling due within one year

	2023 £	2022 £
Trade debtors	3,542,254	3,466,391
Other debtors	212,280	249,864
Prepayments and accrued income	420,068	1,049,011
	<u>4,174,602</u>	<u>4,765,266</u>

16. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	<u>1,735,139</u>	<u>461,203</u>

17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	1,960,921	1,617,993
Amounts owed to group undertakings	3,685	172,658
Corporation tax	96,142	266,866
Other taxation and social security	755,193	326,848
Obligations under finance leases	703,599	619,449
Other creditors	27,564	24,408
Accruals and deferred income	351,838	699,276
	<u>3,898,942</u>	<u>3,727,498</u>

The company has guaranteed loan notes issued by its parent entity, Quest Medical UK Holdings Limited, totalling £1,000,000. The security provided involves a fixed and floating charge over the undertaking, assets, and property of the company.

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

	2023 £	2022 £
Net obligations under finance leases and hire purchase contracts	<u>776,465</u>	<u>1,070,005</u>

QUEST MEDICAL UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

19. Finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	703,599	619,449
In two to five years	776,465	1,070,005
	<u>1,480,064</u>	<u>1,689,454</u>

Finance lease payments represent rentals payable by the company for certain motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is between three and four years and all borrowings are secured on the underlying assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20. Deferred taxation

	2023 £
At beginning of year	(481,745)
Charged to profit or loss	26,916
At end of year	<u>(454,829)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	<u>(454,829)</u>	<u>(481,745)</u>

The deferred tax liability set out relates entirely to accelerated capital allowances and reverses on an ongoing basis until the assets to which they relate have been fully depreciated and have a tax written down value of nil.

QUEST MEDICAL UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

21. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
107 (2022 - 107) Ordinary shares shares of £1.00 each	107	107

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £145,737 (2022: £83,200) Contributions totalling £25,076 (2022 - £22,474) were payable to the fund at the balance sheet date and are included in creditors.

23. Controlling party

The parent company, and ultimate parent company, is Quest Medical UK Holdings Limited, a company registered in England and Wales.

The ultimate controlling party is J. Walters, by way of his majority shareholding in the parent company.

The company's results are included in the consolidated accounts of Quest Medical UK Holdings Limited which is both the largest and smallest group into which the entity is consolidated. The consolidated accounts of Quest Medical UK Holdings Limited are publically available from Companies House.