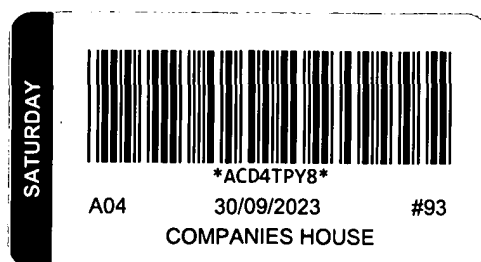


COMPANY REGISTRATION NUMBER: 08014305

V-M Orthotics Limited
Financial statements
31 December 2022



V-M Orthotics Limited

Financial statements

Year ended 31 December 2022

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Independent auditor's report to the members	4 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 23

V-M Orthotics Limited

Officers and professional advisers

The board of directors	B Fulks
Registered office	Unit 25 Halesworth Business Centre Norwich Road Halesworth Suffolk IP19 8QJ
Auditor	Lovewell Blake LLP Chartered accountants & statutory auditor Excelsior House 9 Quay View Business Park Barnards Way Lowestoft NR32 2HD
Bankers	Lloyds Banking Group Plc 25 Gresham Street London EC2V 7HN

V-M Orthotics Limited

Strategic report

Year ended 31 December 2022

Review of the business

The principal activity of the company continued to be that of wholesale of orthopaedic products.

The company is a 100% subsidiary of Darco International Inc, a company incorporated in the United States of America. The company receives full support from its parent.

Financial key performance indicators

We believe that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit margin and results before tax.

Turnover increased in the year to £738,999 (2021: £669,015) as a result of increased demand and consistency of orders from the company's key customers.

The increased turnover has been reported against a slightly higher cost of sales resulting in a lower profit margin being reported for 2022 of 41.81% against 50.21% reported in 2021, this is mainly as a result of increased shipping costs during 2022. Profit before tax totalled £104,690 (2021: £111,893).

The company seeks to continue to develop its systems, management team and building a strong pipeline of work for the future to ensure that it maintains its well established place within the industry.

The financial position was strong at the year end and the director was happy with the performance and looks forward to the future with confidence.

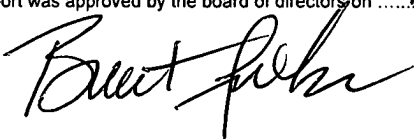
Principal risks and uncertainties

A principal risk lies with the use of overseas suppliers, particularly global manufacturers where supply can be delayed or defaulted on delivery dates. Since working with Darco International, contingencies have been put in place to find reliable production bases and the company ensures that it operates an early ordering system to allow for any delays.

The company and its operations have recovered from the effects of the COVID-19 pandemic and have begun to see an increase in turnover as a result of building good and stable relationships with their customers. However, shipping costs increased drastically throughout 2022 and have impacted the gross profit of the company. Whilst they were able to recharge some of these costs to their customers, there was still an element that the company had to accept they could not recover. Since the year end, these costs have begun to reduce and the director believes that this will not effect the future profits of the company as significantly.

This report was approved by the board of directors on *Sept. 27, 2023* and signed on behalf of the board by:

B Fulks
Director



Registered office:
Unit 25 Halesworth Business Centre
Norwich Road
Halesworth
Suffolk, IP19 8QJ

V-M Orthotics Limited

Directors' report

Year ended 31 December 2022

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

Directors

The director who served the company during the year were as follows:

B Fulks

Disclosure of information in the strategic report

The company has taken advantage of the exemptions available in section 414C(11) of the Companies Act 2006 with regard to the disclosure of certain information in the director's report. Such information is included in the strategic report on page 2 which contains appropriate detailed information on the review of the business during the year and the principal risks and uncertainties affecting the company and its business.

Directors' responsibilities statement

The directors are responsible for preparing 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 UK-adopted international accounting standards (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

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

- select suitable accounting policies 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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Small company provisions

This report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

This report was approved by the board of directors on *Sept. 27 2023* and signed on behalf of the board by:

B Fulks
Director



Registered office:
Unit 25 Halesworth Business Centre
Norwich Road
Halesworth
Suffolk, IP19 8QJ

V-M Orthotics Limited

Independent auditor's report to the members of V-M Orthotics Limited

Year ended 31 December 2022

Opinion

We have audited the financial statements of V-M Orthotics Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position 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 adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

V-M Orthotics Limited

Independent auditor's report to the members of V-M Orthotics (continued)

Year ended 31 December 2022

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 and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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:

- Updating our understanding of the company's systems and controls and performing tests to confirm the operation of these;
- Enquiry of management and those charged with governance;
- Review of minutes of meeting of those charged with governance;
- Review of accounting records to identify any indication of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

V-M Orthotics Limited

Independent auditor's report to the members of V-M Orthotics (continued)

Year ended 31 December 2022

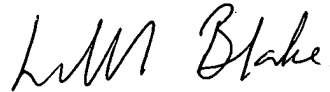
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditors/audit-assurance-ethics/auditors-responsibilities-for-the-audit. 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.

Gary Platt FCA FCCA (Senior Statutory Auditor)



For and on behalf of

Lovewell Blake LLP

Chartered Accountants & statutory auditor

Excelsior House

9 Quay View Business Park

Barnards Way

Lowestoft

NR32 2HD

29 September 2023

V-M Orthotics Limited

Statement of comprehensive income

Year ended 31 December 2022

		31 December 2022	31 December 2021 (restated)
	Notes	£	£
Revenue		738,999	669,015
Cost of sales		(430,016)	(333,116)
Gross profit		308,983	335,899
Administrative expenses		(209,119)	(246,559)
Other operating income	4	7,015	23,023
Operating profit	5	106,879	112,363
Finance costs	7	(2,189)	(470)
Profit before taxation		104,690	111,893
Taxation	8	(15,384)	(24,558)
Profit for the financial year		89,306	87,335
Total comprehensive income for the financial year		89,306	87,335

All the activities of the company are from continuing operations.

The notes on pages 11 to 23 form part of these financial statements.

V-M Orthotics Limited

Statement of financial position

31 December 2022

	Notes	2022 £	2021 (restated) £
Assets			
Non-current assets			
Intangible assets	9	157,101	157,101
Property, plant and equipment	10	104,207	124,004
		<u>261,308</u>	<u>281,105</u>
Current assets			
Inventories	11	364,630	199,157
Trade and other receivables	12	169,936	132,374
Cash and cash equivalents	13	170,204	371,969
		<u>704,770</u>	<u>703,500</u>
Current liabilities			
Trade and other payables	14	(88,590)	(168,337)
Finance lease agreement	21	(32,142)	(30,811)
		<u>(120,732)</u>	<u>(199,148)</u>
Net current assets		<u>584,038</u>	<u>504,352</u>
Non-current liabilities			
Deferred tax	17	(16,215)	(13,490)
Finance lease agreement	21	-	(32,142)
		<u>(16,215)</u>	<u>(45,632)</u>
Net assets		<u>829,131</u>	<u>739,825</u>
Equity			
Share capital	20	495,995	495,995
Retained earnings		333,136	243,830
Total equity		<u>829,131</u>	<u>739,825</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements were approved by the board of directors and authorised for issue on Sept. 27 2023, and are signed on behalf of the board by:

B Fulks
Director



Company registration number: 08014305

The notes on pages 11 to 23 form part of these financial statements.

V-M Orthotics Limited

Statement of changes in equity

Year ended 31 December 2022

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2021 as restated	495,995	156,495	652,490
Profit for the year	-	87,335	87,335
Total comprehensive income for the year	-	87,335	87,335
Balance at 31 December 2021 as restated	495,995	243,830	739,825
	£	£	£
Balance at 1 January 2022 as restated	495,995	243,830	739,825
Profit for the year	-	89,306	89,306
Total comprehensive income for the year	-	89,306	89,306
Balance at 31 December 2022	495,995	333,136	829,131

The notes on pages 11 to 23 form part of these financial statements.

V-M Orthotics Limited

Statement of cash flows

Year ended 31 December 2022

	Notes	31 December 2022 £	31 December 2021 (restated) £
Profit before tax for the year		89,306	87,335
Adjustments for:			
Depreciation		40,956	36,755
Finance costs		2,189	470
Income tax expense		15,384	24,558
		<u>147,835</u>	<u>149,119</u>
Decrease/(increase) in inventories		(165,473)	85,766
Decrease/(increase) in trade and other receivables		(37,562)	(15,508)
(Decrease)/increase in trade and other payables		(77,885)	5,116
		<u>(133,085)</u>	<u>224,493</u>
Cash flows from operations		(133,085)	224,493
Tax paid		(14,521)	(10,013)
		<u>(147,606)</u>	<u>214,480</u>
Net cash inflow from operating activities		(147,606)	214,480
Cash flow from investing activities			
Purchase of property, plant and equipment		(21,159)	(13,662)
		<u>(21,159)</u>	<u>(13,662)</u>
Net cash used in investing activities		(21,159)	(13,662)
Net cash flow from financing activities			
Interest paid		(2,189)	(470)
Payments to finance lease creditors		(30,811)	(29,530)
		<u>(33,000)</u>	<u>(30,000)</u>
Net cash outflow from financing activities		(33,000)	(30,000)
		<u>(201,765)</u>	<u>170,818</u>
Net increase in cash and cash equivalents		(201,765)	170,818
Cash and cash equivalents at the beginning of financial year		371,969	201,151
		<u>170,204</u>	<u>371,969</u>
Cash and cash equivalents at end of financial year		170,204	371,969
Comprising			
Cash at bank	13	170,204	371,969
		<u>170,204</u>	<u>371,969</u>

The notes on pages 11 to 23 form part of these financial statements.

V-M Orthotics Limited

Notes to the financial statements

Year ended 31 December 2022

1 General information

The company is a private company limited by shares, registered in England and Wales. The registered company number is 08014305 and the address of the registered office is Unit 25 Halesworth Business Centre, Norwich Road, Halesworth, Suffolk IP19 8QJ.

The principal activity of the company is that of wholesale of orthopaedic products.

2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') including standards and interpretations issued by the International Accounting Standards Board and in accordance with UK-adopted international accounting standards.

All accounting policies disclosed below apply to the company for the years presented, unless otherwise explicitly stated.

The financial statements have been prepared under the historical cost convention.

The financial statements are presented in pounds sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The judgements that management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment of inventories

The company establishes impairments of inventories based on reasonable judgements. The amount of provision is based on the age of the products and the directors' experience of sales prices and volumes.

Impairment of intangibles

The company considers whether intangible assets and goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of each identifiable unit within the business. This requires estimation of the future cash flows from the identifiable units and selection of appropriate discount rates in order to calculate the net present value of those cash flows.

3 Accounting policies

Revenue recognition

Revenue comprises revenue recognised in respect of goods and services supplied during the period, and is recognised to the extent that it is probable that the economic benefits will flow to the company 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.

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

3 Accounting policies *(continued)*

Sale of goods

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

- the company has transferred the significant risks and rewards of ownership to the buyer (normally on physical dispatch);
- the company 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 company 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.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated as follows:

Right-of-use asset	-	Over the term of the lease
Plant and machinery	-	20% reducing balance
Fixtures and fittings	-	15% reducing balance

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all machinery and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Income Statement.

Leases

IFRS 16, Leases, addresses the definition of a lease, recognition and measurement of leases and establishes the principles for reporting useful information to users. The company entered a new lease arrangement on 5 March 2019 and recognised a right-of-use asset and a lease liability on the balance sheet. The asset is measured at cost, being the initial measurement of the lease liability. Depreciation is charged on a straight line basis from the lease commencement date to the end of the lease term. At commencement, the lease is measured at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

The company has elected to account for short-term leases and leases of low value assets using the practical expedients as permitted by IFRS 16. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Impairment of non financial assets

At each balance sheet date, the directors review the carrying amounts of the company's non current assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the directors estimate the recoverable amount of the cash generating unit to which the asset belongs.

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

An impairment loss is recognised as an expense immediately.

Where an impairment loss on non financial assets subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately.

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

3 Accounting policies *(continued)*

Inventory

Inventory is valued 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 FIFO basis. Work in progress and finished goods include labour and attributable overheads.

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

Cash at bank

Cash at bank comprise cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less from inception.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value as appropriate, on initial recognition.

Financial assets

The company classifies its financial assets as "loans and receivables" and assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities

The company's financial liabilities include trade and other payables and borrowings.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities.

Trade and other payables and borrowings are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method (the "EIR" method).

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Income Statement.

Loans and borrowings, including bank overdrafts, are classified as current liabilities unless the company has an unconditional right to defer the settlement of the liability for at least 12 months after the year end.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Foreign currency

The presentation currency for the company's financial statements is pounds sterling. Foreign currency transactions by the company are recorded in their functional currencies at the exchange rate at the date of the transaction. Monetary assets and liabilities have been translated at rates in effect at the year end date, with any exchange adjustments being charged or credited to the Income Statement, within "administrative expenses".

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

3 Accounting policies *(continued)*

Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably. Intangible assets are not amortised, instead they are assessed annually for impairment. Any impairment losses are recognised in profit and loss in the year in which they arise.

Current taxation

Current taxation is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the year end date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full, and are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares issued; and
- "Retained earnings" represents the accumulated profits and losses attributable to equity shareholders.

Government grants

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

4 Other operating income

	2022	2021 (restated)
	£	£
Government grant income	-	17,326
Other operating income	7,015	5,697
	<u>7,015</u>	<u>23,023</u>

5 Operating profit

Operating profit is stated after charging:

	2022	2021 (restated)
	£	£
Depreciation of tangible assets	40,956	36,755
Difference on foreign exchange	(21,053)	11,091
Auditor's remuneration:		
- Audit services	11,000	7,800
	<u>11,000</u>	<u>7,800</u>

6 Directors and employees

The aggregate payroll costs of the employees (including directors) were as follows:

	2022	2021 (restated)
	£	£
Staff costs		
Wages and salaries	114,734	128,941
Social security costs	5,206	9,750
Pension costs	2,441	2,242
	<u>122,381</u>	<u>140,933</u>

Average monthly number of persons employed by the company during the year was as follows:

	2022	2021 (restated)
	No.	No.
Warehouse	2	2
Administration	3	3
	<u>3</u>	<u>3</u>

7 Finance costs

	2022	2021 (restated)
	£	£
Interest on finance lease agreements	2,189	470
	<u>2,189</u>	<u>470</u>

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

8 Taxation on ordinary activities Analysis of charge in the period

	2022	2021 (restated)
	£	£
Current tax	12,659	20,327
Deferred tax	2,725	4,231
	<u>15,384</u>	<u>24,558</u>
	2022	2021 (restated)
	£	£
Profit on ordinary activities before taxation	<u>104,690</u>	<u>111,893</u>
Profit on ordinary activities by rate of tax (2022: 19%, 2021: 19%)		
Tax on profit for the period	19,891	21,260
Adjustments for income and expense items	63	60
Depreciation/capital allowances	(3,235)	(993)
Prior year adjustment	-	-
Overprovided provision of tax in prior period	<u>(4,060)</u>	<u>-</u>
	<u>12,659</u>	<u>20,327</u>

9 Intangible Fixed Assets

	Goodwill £
Cost	
At 1 January 2021 and 31 December 2021 as restated	<u>157,101</u>
At 1 January 2022 as restated and 31 December 2022	<u>157,101</u>
Amortisation	
At 1 January 2021 and 31 December 2021 as restated	<u>-</u>
At 1 January 2022 as restated and 31 December 2022	<u>-</u>
Net Book Value	
and 31 December 2022	<u>157,101</u>
and 31 December 2021 as restated	<u>157,101</u>

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

10 Property, plant and equipment

	Right of use asset £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2021	84,974	19,457	51,499	155,930
Additions	62,953	13,416	246	76,615
At 31 December 2021 as restated	147,927	32,873	51,745	232,545
Additions	-	19,916	1,243	21,159
At 31 December 2022	147,927	52,789	52,988	253,704
Depreciation				
At 1 January 2021	49,560	6,977	15,249	71,786
Charge for the year	28,320	2,993	5,442	36,755
At 31 December 2021 as restated	77,880	9,970	20,691	108,541
Charge for the year	30,701	5,512	4,743	40,956
At 31 December 2022	108,581	15,482	25,434	149,497
Net book value				
At 1 January 2021	35,414	12,480	36,250	84,144
At 31 December 2021 as restated	70,047	22,903	31,054	124,004
At 31 December 2022	39,346	37,307	27,554	104,207

Depreciation is included within administrative expenses.

Right-of-use assets are included within property, plant and equipment in the statement of financial position.

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

11 Inventories

	2022	2021 (restated)
	£	£
Goods for resale	364,630	199,157
	<u>364,630</u>	<u>199,157</u>

	2022	2021 (restated)
	£	£
Amounts of inventories recognised as an expense during the period as cost of sales are:	239,841	251,882
	<u>239,841</u>	<u>251,882</u>

Amounts of inventories impaired during the period are:	-	-
	<u>-</u>	<u>-</u>

12 Trade and other receivables

	2022	2021 (restated)
	£	£
Trade receivables	152,771	78,384
Other receivables	5,206	44,681
Prepayments	11,959	9,309
	<u>169,936</u>	<u>132,374</u>

The directors consider the carrying value of trade and other receivables is approximate to its fair value.

All of the company's trade and other receivables have been reviewed for indicators of impairment.

13 Cash and cash equivalents

	2022	2021 (restated)
	£	£
Cash at bank (GBP)	170,204	371,969
	<u>170,204</u>	<u>371,969</u>

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

14 Trade and other payables

	2022	2021 (restated)
	£	£
Trade payables	26,100	46,346
Amounts owed to group undertakings	-	55,435
Other taxation and social security	51,490	58,756
Accruals	11,000	7,800
	<u>88,590</u>	<u>168,337</u>

15 Financial instruments

Classification of financial instruments

The fair value hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The company does not hold any financial instruments measured at fair value through profit or loss.

The tables below set out the company's accounting classification of each class of its financial assets and liabilities.

Financial assets

	Loans & Receivables	
	2022	2021 (restated)
	£	£
Trade receivables	152,771	78,384
Other receivables	5,206	1,534
Cash and cash equivalents	170,204	371,969
	<u>328,181</u>	<u>451,887</u>

All of the above financial assets' carrying values are approximate to their fair values, as at each reporting date disclosed.

Financial liabilities

	Measured at amortised cost	
	2022	2021 (restated)
	£	£
Trade payables	26,100	46,346
Amounts owed to group undertakings	-	55,435
Accruals	11,000	7,800
	<u>37,100</u>	<u>109,581</u>

All of the above financial liabilities' carrying values are considered by management to be approximate to their fair values, as at each reporting date disclosed.

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

16 Financial instrument risk exposure and management

The company's operations expose it to degrees of financial risk that include credit risk, interest rate risk and liquidity risk.

This note describes the company's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in the notes above.

Credit risk

The company's credit risk is primarily attributable to its cash balances.

The credit risk on liquid funds is limited because the third parties are large international banks with a credit rating of at least A.

The company's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents. Risk related to trade receivables is reduced by the strict 30 day payment period which customers adhere to.

The company's other exposure to interest rate risk is the interest received on the cash held on deposit, which is immaterial.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the company can meet liabilities as they fall due, and ensuring adequate working capital having strict payment arrangements with customers.

In managing liquidity risk, the main objective of the company is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The company monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The table below shows the undiscounted cash flows on the company's financial liabilities as at 31 December 2022 and 31 December 2021, on the basis of their earliest possible contractual maturity.

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

16 Financial instrument risk exposure and management *(continued)*

At 31 December 2021 as restated

	Total	On demand	Within 3 months	3 - 12 months	1-2 years	Greater than 2 years
	£	£	£	£	£	£
Trade payables	16,346	-	46,346	-	-	-
Amounts owed to group undertakings	55,435	55,435	-	-	-	-
Other taxation and social security	58,756	58,756	-	-	-	-
Accruals	7,800	7,800	-	-	-	-
	<u>168,337</u>	<u>121,991</u>	<u>46,346</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 December 2022

	Total	On demand	Within 3 months	3 - 12 months	1-2 years	Greater than 2 years
	£	£	£	£	£	£
Trade payables	26,100	-	26,100	-	-	-
Amounts owed to group undertakings	-	-	-	-	-	-
Other taxation and social security	51,490	51,490	-	-	-	-
Accruals	11,000	11,000	-	-	-	-
	<u>88,590</u>	<u>62,490</u>	<u>26,100</u>	<u>-</u>	<u>-</u>	<u>-</u>

17 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2021: 25%).

Details of the deferred tax liability are as shown below:

	2022	2021 (restated)
	£	£
Accelerated capital allowances	16,215	13,490
	<u>16,215</u>	<u>13,490</u>

The movement on the deferred tax account is as shown below:

	2022	2021 (restated)
	£	£
Balance at start of period	13,490	9,259
Recognised in profit and loss		
Tax expense	2,725	4,231
Balance at end of period	<u>16,215</u>	<u>13,490</u>

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

18 Employee benefits

Defined contribution plans

The amount recognised in the statement of profit or loss as an expense in relation to defined contribution plans was £2,441 (2021: £2,242).

19 Prior period errors

Prior year adjustments have occurred in respect of current assets within the prior year accounts. Cash at bank was understated by £9,192. This has been adjusted for by reducing foreign exchange gains/(losses) by the same amount. The net effect to the statement of profit or loss is an increase in profit by £7,446 being the adjustment to cash at bank, less an increase in the corporation tax liability of £1,746.

20 Share capital

Issued, called up and fully paid

	2022	2021 (restated)
	No.	No.
Ordinary shares of £1 each	495,995	495,995
	<hr/>	<hr/>
	2022	2021 (restated)
	£	£
Ordinary shares of £1 each	495,995	495,995
	<hr/>	<hr/>

21 Finance leases

Finance lease commitments relate to land and buildings.

The aggregate future minimum lease payments under non cancellable finance lease commitments is detailed below:

	2022	2021 (restated)
	£	£
Not later than 1 year	33,000	33,000
Later than 1 year and not later than 5 years	-	33,000
	<hr/>	<hr/>
	33,000	66,000
Less: future finance charges	(858)	(3,047)
	<hr/>	<hr/>
Present value of minimum lease payments	32,142	62,953
	<hr/>	<hr/>
Present value of amounts falling due not later than 1 year	32,142	30,811
Present value of amounts falling due later than 1 year	-	32,142
	<hr/>	<hr/>
	32,142	62,953
	<hr/>	<hr/>

The expense relating to payments not included in the measurement of the lease liability is as follows:

	£	£
Leases of low value assets	268	-
	<hr/>	<hr/>
	268	-
	<hr/>	<hr/>

V-M Orthotics Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

22 Related party transactions

Key management personnel remuneration is disclosed as follows:

	2022	2021 (restated)
	£	£
Remuneration of key management		
Remuneration including social security costs	-	-
Company pension contribution to defined contribution schemes	-	-
	<hr/>	<hr/>
	-	-

The company has traded with the following related parties as follows:

	2022	2021 (restated)
	£	£
Darco International Inc (parent company)		
Purchases from related party	1,571	4,087
Balance owed to related party at year end	-	55,436
Darco International Trading Shanghi Limited (company in which the parent company has an interest)		
Purchases from related party	-	16,512
Balance owed to related party at year end	-	-
Darco Europe GmbH (company in which the parent company has an interest)		
Purchases from related party	1,782	6,295
Balance owed to related party at year end	-	-

23 Ultimate controlling party

The company is a 100% subsidiary of Darco International Inc, a company incorporated in the United States of America. The company's registered office is 810 Memorial Boulevard, Huntingdon, WV 25701.

The directors do not consider there to be an ultimate controlling party.