

Company registration number 08078964 (England and Wales)

MDS HEALTHCARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 JUNE 2021



MDS HEALTHCARE LIMITED

COMPANY INFORMATION

Directors	Ms S Miyanji Mr M M Patel
Secretary	Mr J Patel
Company number	08078964
Registered office	464 Ranglet Road Walton Summit Centre Preston PR5 8AR
Auditor	AMS Accountants Corporate Ltd Chartered Accountants Floor 2 9 Portland Street Manchester M1 3BE

MDS HEALTHCARE LIMITED

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MDS HEALTHCARE LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 25 JUNE 2021

The directors present the strategic report for the period ended 25 June 2021.

Fair Review of the Business

The directors are satisfied with the results of the company for the financial year.

The company's turnover for the year has grown by 3.5% from the previous year witnessing an increase from £23,300,148 to £24,115,361.

The balance sheet position has strengthened with liabilities reduced accordingly.

The board of directors and management are continuing with the growth achieved during the pandemic and can still see some good level of trading activity procuring new long-term opportunities identified during COVID-19.

The company has continued working with old and new partners to extend further activity with these suppliers and customers. The general core pharmaceutical business has also grown in numbers and revenue which shows solid strength of the company. The number of care settings serviced by the Biodose Medication Management system and Pharmalogic Chemist increases from year to year. Both have seen significant growth, including Pharmalogic Chemist becoming the 7th largest distance-selling pharmacy in England, consolidating the company's position as one of the leading players in the UK & RoI social care market.

The company is constantly looking at new areas and markets to continue its growth and are confident of finding new innovative markets through significant investment in technology.

Principal Risks and Uncertainties

The NHS funding and increase in costs has placed strain on the business and with a continuous staffing crisis affecting the health sector.

The increase in energy costs will also have some detrimental effect in the next several years.

Development and Performance

The company has invested its dispensing activities into automation and robotics to achieve efficiencies and further growth. The investment will also help manage the staffing crisis and reduce costs. The company is reviewing its renewable & solar energy and have placed orders for new vans to be eco-friendly and fully electric. The company has set a target that by 2024 all company delivery vehicles will be fully electric.

The board understands the need to offer more patient-led services and remove the reliance on prescription revenue.

The directors are constantly reviewing the IT agenda and looking at new technologies to enable adaption, achieve costs savings and, at the same time, look at building revenues with new products and services aimed at the care sector.

On behalf of the board



Mr M M Patel
Director

10 November 2022

MDS HEALTHCARE LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 25 JUNE 2021

The directors present their annual report and financial statements for the period ended 25 June 2021.

Principal activities

The principal activity of the company is that of a dispensing chemist.

Results and dividends

The results for the period are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Ms S Miyajji
Mr M M Patel

Auditor

In accordance with the company's articles, a resolution proposing that AMS Accountants Corporate Ltd be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of 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 judgements 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.

Statement of disclosure to auditor

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

MDS HEALTHCARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 25 JUNE 2021

On behalf of the board



Mr M M Patel
Director

10 November 2022

MDS HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MDS HEALTHCARE LIMITED

Qualified opinion on the financial statements

We have audited the financial statements of MDS Healthcare Limited (the 'company') for the period ended 25 June 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 25 June 2021 and of its profit for the period 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 qualified opinion

The company was not required to have a statutory audit for the period ended 26th June 2020 as it was entitled to exemption from the provision of the Companies Act 2006 relating to the audit of the financial statements for the period by virtue of Section 477 and no member or members requested an audit pursuant to Section 476 of the Act. Accordingly the corresponding figures for the period ended 26th June 2020 are unaudited. As we were not appointed as auditor at this time, we were not able to observe the counting of physical inventories at the end of the financial period or satisfy ourselves by alternative means concerning the physical inventories held at 26 June 2020 which are included in the balance sheet at £399,447, by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount was necessary.

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

MDS HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MDS HEALTHCARE LIMITED

Other information

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £399,447 held at 26 June 2020. We have concluded that where the other information refers to the physical inventories balance or related balances such as cost of sales, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 period 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.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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.

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.

MDS HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MDS HEALTHCARE LIMITED

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. Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006

We evaluated the Director's and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with the Directors and management their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

MDS HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MDS HEALTHCARE LIMITED

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.



David Clegg BFP FCA
Senior Statutory Auditor
For and on behalf of AMS Accountants Corporate Ltd

Date: 17/11/22

Chartered Accountants
Statutory Auditor

Chartered Accountants
Floor 2
9 Portland Street
Manchester
M1 3BE

MDS HEALTHCARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 25 JUNE 2021

		Period ended 25 June 2021 £	Year ended 26 June 2020 £
	Notes		
Turnover	3	24,115,360	23,300,148
Cost of sales		(18,568,864)	(19,790,382)
Gross profit		5,546,496	3,509,766
Administrative expenses		(2,272,748)	(1,958,546)
Other operating income		93,159	47,375
Operating profit	4	3,366,907	1,598,595
Interest receivable and similar income	7	1,867	-
Interest payable and similar expenses	8	(23,833)	(17,554)
Profit before taxation		3,344,941	1,581,041
Tax on profit	9	(393,368)	(204,165)
Profit for the financial period		2,951,573	1,376,876

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MDS HEALTHCARE LIMITED

BALANCE SHEET

AS AT 25 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		896,954		965,096
Current assets					
Stocks	14	253,372		399,447	
Debtors	15	6,430,488		5,371,124	
Investments	16	1,350,008		8	
Cash at bank and in hand		1,546,968		1,329,492	
		<u>9,580,836</u>		<u>7,100,071</u>	
Creditors: amounts falling due within one year	17	(4,011,950)		(4,401,852)	
Net current assets			<u>5,568,886</u>		<u>2,698,219</u>
Total assets less current liabilities			6,465,840		3,663,315
Creditors: amounts falling due after more than one year	18		(104,895)		(247,357)
Provisions for liabilities					
Deferred tax liability	21	70,769		77,355	
		<u>(70,769)</u>		<u>(77,355)</u>	
Net assets			<u>6,290,176</u>		<u>3,338,603</u>
Capital and reserves					
Called up share capital	23		2		2
Profit and loss reserves			<u>6,290,174</u>		<u>3,338,601</u>
Total equity			<u>6,290,176</u>		<u>3,338,603</u>

The financial statements were approved by the board of directors and authorised for issue on 10 November 2022 and are signed on its behalf by:



Mr M M Patel
Director

Company Registration No. 08078964

MDS HEALTHCARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 25 JUNE 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 27 June 2019	2	1,961,725	1,961,727
Period ended 26 June 2020:			
Profit and total comprehensive income for the period	-	1,376,876	1,376,876
Balance at 26 June 2020	2	3,338,601	3,338,603
Period ended 25 June 2021:			
Profit and total comprehensive income for the period	-	2,951,573	2,951,573
Balance at 25 June 2021	2	6,290,174	6,290,176

MDS HEALTHCARE LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 25 JUNE 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	28	1,433,851		1,618,712	
Interest paid		(23,833)		(17,554)	
Income taxes refunded/(paid)		15,787		(1)	
Net cash inflow from operating activities		1,425,805		1,601,157	
Investing activities					
Proceeds from disposal of intangibles		602,516		-	
Purchase of tangible fixed assets		(98,762)		(220,130)	
Purchase of investments		(1,350,000)		-	
Dividends received		1,867		-	
Net cash used in investing activities		(844,379)		(220,130)	
Financing activities					
Repayment of borrowings		(170,000)		170,000	
Repayment of bank loans		(85,078)		(156,299)	
Payment of finance leases obligations		(108,872)		204,320	
Net cash (used in)/generated from financing activities		(363,950)		218,021	
Net increase in cash and cash equivalents		217,476		1,599,048	
Cash and cash equivalents at beginning of period		1,329,492		(269,556)	
Cash and cash equivalents at end of period		1,546,968		1,329,492	

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JUNE 2021

1 Accounting policies

Company information

MDS Healthcare Limited is a private company limited by shares incorporated in England and Wales. The registered office is 464 Ranglet Road, Walton Summit Centre, Preston, PR5 8AR.

1.1 Reporting period

The accounting reference date of the company is set as the 25th June each year. However, for operational purposes the company sets its year end as the 30th June each year. This represents a 365 day period for both the current and previous year.

1.2 Accounting convention

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

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

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

1.3 Going concern

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

1.4 Turnover

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

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 5 years.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

1 Accounting policies

(Continued)

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

Branding & website	20% straight line
Contracts	20% straight line

1.7 Tangible fixed assets

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

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

Land and buildings	4% straight line
Fixtures and fittings	25% reducing balance
Computers	33.3% straight line
Motor vehicles	25% reducing balance

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

1.8 Impairment of fixed assets

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

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

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

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

1.9 Stocks

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

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

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

1 Accounting policies

(Continued)

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

1.10 Cash and cash equivalents

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

1.11 Financial instruments

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

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

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of the interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Other financial assets

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

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

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 deducting all of its liabilities.

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Taxation

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

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

1 Accounting policies

(Continued)

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.17 Government grants

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

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

1.18 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

	2021	2020
	£	£
Other revenue		
Dividends received	1,867	-
Grants received	93,159	39,567
	<u> </u>	<u> </u>

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

3 Turnover and other revenue

(Continued)

Grants received during the current and prior year are in respect of the government coronavirus job retention scheme.

4 Operating profit

	2021 £	2020 £
Operating profit for the period is stated after charging/(crediting):		
Exchange (gains)/losses	-	818
Government grants	(93,159)	(39,567)
Fees payable to the company's auditor for the audit of the company's financial statements	11,500	-
Depreciation of owned tangible fixed assets	131,467	118,956
Depreciation of tangible fixed assets held under finance leases	35,437	41,850
Profit on disposal of intangible assets	(602,516)	-
Operating lease charges	107,805	91,702
	<u> </u>	<u> </u>

5 Employees

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

	2021 Number	2020 Number
Administration	60	65
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,125,537	1,054,434
Social security costs	64,323	65,011
Pension costs	14,856	-
	<u>1,204,716</u>	<u>1,119,445</u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	70,384	63,242
Company pension contributions to defined contribution schemes	1,382	-
	<u>71,766</u>	<u>63,242</u>

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

7 Interest receivable and similar income

	2021 £	2020 £
Other income from investments		
Dividends received	1,867	-
	<u>1,867</u>	<u>-</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,027	17,554
Other finance costs:		
Interest on finance leases and hire purchase contracts	3,698	-
Other interest	18,108	-
	<u>23,833</u>	<u>17,554</u>

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	452,472	249,001
Adjustments in respect of prior periods	-	(44,836)
	<u>452,472</u>	<u>204,165</u>
Deferred tax		
Origination and reversal of timing differences	(6,586)	-
Adjustment in respect of prior periods	(52,518)	-
	<u>(59,104)</u>	<u>-</u>
Total deferred tax		
	<u>(59,104)</u>	<u>-</u>
Total tax charge	<u>393,368</u>	<u>204,165</u>

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

9 Taxation

(Continued)

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

	2021 £	2020 £
Profit before taxation	3,344,941	1,581,041
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	635,539	300,398
Tax effect of expenses that are not deductible in determining taxable profit	950	-
Tax effect of income not taxable in determining taxable profit	(114,478)	-
Permanent capital allowances in excess of depreciation	10,994	(13,326)
Research and development tax credit	(80,178)	(83,435)
Under/(over) provided in prior years	(52,518)	-
Deferred tax adjustments in respect of prior years	-	528
Dividend income	(355)	-
Deferred tax movement	(6,586)	-
Taxation charge for the period	393,368	204,165

10 Intangible fixed assets

	Goodwill £	Branding & website £	Contracts £	Total £
Cost				
At 27 June 2020	307,960	14,850	231,382	554,192
Disposals	(307,960)	-	-	(307,960)
At 25 June 2021	-	14,850	231,382	246,232
Amortisation and impairment				
At 27 June 2020	307,960	14,850	231,382	554,192
Disposals	(307,960)	-	-	(307,960)
At 25 June 2021	-	14,850	231,382	246,232
Carrying amount				
At 25 June 2021	-	-	-	-
At 26 June 2020	-	-	-	-

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

11 Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost					
At 27 June 2020	577,411	1,090,200	140,204	52,214	1,860,029
Additions	-	51,170	47,592	-	98,762
At 25 June 2021	577,411	1,141,370	187,796	52,214	1,958,791
Depreciation and impairment					
At 27 June 2020	68,993	691,215	134,725	-	894,933
Depreciation charged in the period	23,096	112,539	18,216	13,053	166,904
At 25 June 2021	92,089	803,754	152,941	13,053	1,061,837
Carrying amount					
At 25 June 2021	485,322	337,616	34,855	39,161	896,954
At 26 June 2020	508,418	398,985	5,479	52,214	965,096

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Fixtures and fittings	106,313	141,750

12 Significant undertakings

The company also has significant holdings in undertakings which are not consolidated:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Clayton Green Management Ltd	England and Wales	Healthcare	Ordinary £1 shares	100.00

The company has a registered office of Chandler House, Ferry Road, Riversway, Preston, England, PR2 2YH.

13 Financial instruments

	2021 £	2020 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	6,242,147	4,988,729
Equity instruments measured at cost less impairment	1,350,008	8
Carrying amount of financial liabilities		
Measured at amortised cost	3,175,672	4,181,722

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

14 Stocks

	2021 £	2020 £
Finished goods and goods for resale	253,372	399,447

15 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,145,626	1,693,909
Other debtors	4,576,273	2,623,668
Prepayments and accrued income	35,023	301,705
	5,756,922	4,619,282

	2021 £	2020 £
Amounts falling due after more than one year:		
Other debtors	673,566	751,842
Total debtors	6,430,488	5,371,124

16 Current asset investments

	2021 £	2020 £
Unlisted investments	1,350,008	8

17 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	19	40,098	87,105
Obligations under finance leases	20	34,020	38,501
Other borrowings	19	-	170,000
Trade creditors		2,330,331	3,115,933
Corporation tax		788,329	372,588
Other taxation and social security		152,844	94,899
Other creditors		651,828	519,826
Accruals and deferred income		14,500	3,000
		4,011,950	4,401,852

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

18 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	19	-	38,071
Obligations under finance leases	20	104,895	209,286
		<u>104,895</u>	<u>247,357</u>

19 Loans and overdrafts

	2021 £	2020 £
Bank loans	40,098	125,176
Loans from related parties	-	170,000
	<u>40,098</u>	<u>295,176</u>
Payable within one year	40,098	257,105
Payable after one year	-	38,071
	<u></u>	<u></u>

The bank loan and finance lease obligations are secured by a fixed and floating charge against all property and assets of the company.

20 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	34,020	38,501
In two to five years	104,895	209,286
	<u>138,915</u>	<u>247,787</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. 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 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

21 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	70,769	77,355
	<u>70,769</u>	<u>77,355</u>
Movements in the period:		2021 £
Liability at 27 June 2020		77,355
Credit to profit or loss		(6,586)
		<u>70,769</u>
Liability at 25 June 2021		<u>70,769</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

22 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	14,856	-
	<u>14,856</u>	<u>-</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

24 Operating lease commitments

Lessee

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

	2021 £	2020 £
Within one year	7,098	9,128
Between two and five years	1,856	8,954
	<u>8,954</u>	<u>18,082</u>

25 Related party transactions

Balances with related parties

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed to related parties	
	2021 £	2020 £	2021 £	2020 £
Other related parties	<u>4,922,547</u>	<u>2,942,342</u>	<u>-</u>	<u>-</u>

26 Directors' transactions

Post the balance sheet date, an overdraft facility was entered into with Clydesdale Bank PLC with a credit limit up to £340,000. This agreement included personal guarantees from two of the directors within the company, with a combined value of £450,000.

Following the overdraft facility, on the 24th January 2022 a legal charge was placed on the freehold property held at 464 Ranglet Road, Walton Summit, Preston, PR5 8AU.

27 Ultimate controlling party

The directors are of the opinion there is no one overall controlling party.

MDS HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 25 JUNE 2021

28 Cash generated from operations

	2021 £	2020 £
Profit for the period after tax	2,951,573	1,376,876
Adjustments for:		
Taxation charged	393,368	204,165
Finance costs	23,833	17,554
Investment income	(1,867)	-
Gain on disposal of intangible assets	(602,516)	-
Depreciation and impairment of tangible fixed assets	166,904	160,806
Movements in working capital:		
Decrease/(increase) in stocks	146,075	(121,377)
Increase in debtors	(1,059,364)	(1,484,771)
(Decrease)/increase in creditors	(584,155)	1,465,459
Cash generated from operations	1,433,851	1,618,712

29 Analysis of changes in net funds

	27 June 2020 £	Cash flows £	25 June 2021 £
Cash at bank and in hand	1,329,492	217,476	1,546,968
Borrowings excluding overdrafts	(295,176)	255,078	(40,098)
Obligations under finance leases	(247,787)	108,872	(138,915)
	786,529	581,426	1,367,955