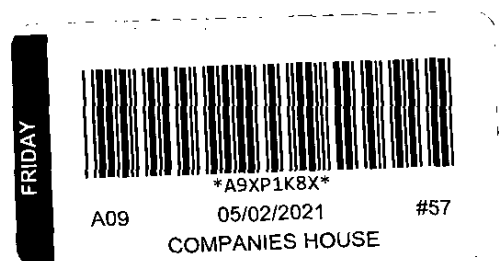


Registered number 09458917

GBUK Group Limited  
Report and consolidated financial statements  
for the year ended 30 June 2020



# GBUK Group Limited

## Report and consolidated financial statements for the year ended 30 June 2020

### Contents

	Page(s)
Directors and advisers .....	1
Strategic report.....	2 - 3
Directors' report .....	4 - 6
Independent auditors' report .....	7 - 9
Consolidated statement of comprehensive income .....	10
Consolidated and company statements of financial position.....	11 - 12
Consolidated and company statements of changes in equity.....	13 - 14
Consolidated and company statements of cash flows .....	15
Notes to the consolidated financial statements.....	16 - 49

# **GBUK Group Limited**

## **Directors and advisers**

### **Directors**

M C Thompson

M R Garbett

P V J Spiller

M J Geering

J D Cowan (appointed 1 July 2020)

P H L Kalverboer

G R R Dew

G R Mills

### **Secretary**

M R Garbett

### **Registered Office**

Woodland House

Blackwood Hall Business Park

North Duffield

Selby

North Yorkshire

YO8 5DD

### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Central Square

29 Wellington Street

Leeds

LS1 4DL

### **Bankers**

Clydesdale Bank Plc (trading as Yorkshire Bank)

94-96 Briggate

Leeds

LS1 6NP

### **Registered Number**

09458917

# **GBUK Group Limited**

## **Strategic report for the year ended 30 June 2020**

The directors present their Strategic report on the group for the year from 1 July 2019 to 30 June 2020.

### **Review of the business**

The principal activity of the company during the year was to act as the holding company for GBUK Group Limited and its subsidiary undertakings ("the group"), encompassing principal trading entities GBUK LTD and GBUK Enteral Limited, which are engaged in the supply of medical devices and consumables.

The GBUK group is the leading specialist provider of enteral, critical care and patient handling single-use products and services in the UK and Europe. The group focuses on meeting customer demands with market leading products, coupled with ongoing customer engagement.

In the year to 30 June 2020, the group continued to successfully execute its strategic plan, delivering organic sales growth of £23,202,000 or 53.2% to £66,825,000.

The group is targeting continued revenue and profit growth in the coming years by continuing to focus on new markets, market share gains and new product development to meet clinical needs.

### **Key performance indicators**

The group considers growth in revenue as the key financial performance indicator, which is monitored and reviewed by the Board on a monthly basis, placing a strategic focus on export growth in the year to 30 June 2020.

The directors report revenue of £66,825,000 for the year ended 30 June 2020, an increase of 53.2% over comparable sales of £43,623,000 for the year ended 30 June 2019 and increased export revenue from £8,920,000 to £10,299,000, an increase of 15.5%.

### **Principal risks and uncertainties**

The group operates in a competitive environment and has successfully delivered year on year growth by ensuring strong and effective procurement to enable the supply of competitively priced products.

The group continues to expand its customer and distributor base, in the UK and overseas, but the NHS remains a key customer for the group, where an experienced and clinically trained sales team, provide a high level of customer service for the group's broad product portfolio.

The group benefits from strong long-term supplier and customer relationships, so the principal risk and uncertainty for the group is the foreign exchange risk on the supply of products from overseas, primarily with respect to the Euro and US Dollar.

The group takes proactive measures to manage this risk, including the use of forward exchange contracts to hedge against exposure risk on trade payables and a monthly review of group exposure by the directors. The directors accept that this does not fully eliminate exchange rate risk associated with a devaluation of Sterling but considers that they achieve an appropriate balance of exposure to these risks.

# **GBUK Group Limited**

## **Strategic report for the year ended 30 June 2020 (continued)**

### **Principal risks and uncertainties (continued)**

Exchange rates continue to be impacted by the uncertainty surrounding the UK decision on the 23 Jun 2016 to leave the EU, however, the continued actions of close monitoring and proactive measures to mitigate risk and plan for Brexit, including increasing stock holding as part of our close work with national health authorities, allow the directors to be confident about the group's ongoing success.

In the second half of the financial year, the global Coronavirus pandemic presented a risk to all organisations, and an initial challenge for many of the group's manufacturers, particularly those in China, Italy & India. The group's robust supply chain of quality manufacturers and positive long term relationships, with multi-site manufacturing where possible, ensured product availability was maintained across the GBUK range.

### **Position**

The group has increased sales of all its key product categories and introduced new products, new markets and new customers in the year to 30 June 2020. This has been combined with a strategic focus on supply side opportunities with new and existing suppliers, to add value to customers, reduce costs and mitigate movements in exchange rates.

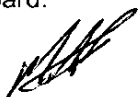
Mitigation of Coronavirus risks at existing manufacturers was complimented by strong operational business continuity plans, dedicated staff and a proactive focus on opportunities to support the UK NHS and overseas customers, which enabled the group to capture significant additional sales at a challenging time. These sales encompassed both existing products critical to the Coronavirus response and the rapid introduction of new products, including Type IIR masks, FFP2 masks, face shields, sterile & non-sterile gowns, ventilators, new closed suction catheters and nasogastric tubes.

Coronavirus will continue to present a challenge to the delivery of care by hospitals and other healthcare providers and the group continues to operate in a competitive consumable market. However, with an increasingly diversified portfolio of products, customers and suppliers and a proven ability to respond proactively and quickly, the group is in an excellent position to continue delivering long term growth.

### **Future developments**

The strategic objectives of the business are set by the GBUK Group Limited Board and remain focused on future growth, through expansion of both the group's product portfolio and its customer base.

This report was approved by the Board of Directors on ~~17~~ December 2020 and signed by order of the Board:



**Mark Thompson**

**Director**

# **GBUK Group Limited**

## **Directors' report for the year ended 30 June 2020**

The directors are pleased to present their report and audited consolidated financial statements of the company and its group for the year to 30 June 2020.

### **General information**

The general information on the company and its group is provided in the Strategic report. The directors do not recommend the payment of a dividend in the current year.

### **Results and dividends**

The results of the group are shown in the consolidated statement of comprehensive income on page 10.

The directors report revenue of £66,825,000 for the year ended 30 June 2020, an increase of 53.2% over comparable sales of £43,623,000 for the year ended 30 June 2019. Generating a Profit before income tax of £11,953,000 (2019: £4,884,000), a profit for the financial year of £9,562,000 (2019: £3,836,000) and a net surplus of £19,172,000 (2019: £5,953,000).

### **Future developments**

The future developments of the company and group have been discussed within the Strategic report.

### **Directors**

The directors who held office during the year and up to the date of signing these financial statements, unless otherwise indicated, are:

M C Thompson  
M R Garbett  
P V J Spiller  
M J Geering  
J D Cowan (appointed 1 July 2020)  
P H L Kalverboer  
G R R Dew  
G R Mills

### **Going concern**

In determining the going concern of the company the directors have considered the company's current and forecast profitability required to operate for a period of no less than 12 months from the date of signing these financial statements. The directors are confident about the strong sales growth forecast for the group and as such, these financial statements have been prepared on the going concern basis.

### **Financial risk management**

The company's financial risk management objectives and policies are discussed within the Strategic report and note 4

### **s.172 requirements**

The Directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 30 June 2020.)

# **GBUK Group Limited**

## **Directors' report for the year ended 30 June 2020 (continued)**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

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

### **Indemnity**

Relevant officers of the company may be indemnified out of the company's assets against:

- any liability incurred by that officer in connection with any negligence, default, breach of duty or breach of trust in relation to the company;
- any other liability incurred by that officer as an officer of the company.

No indemnity is authorised which would be prohibited or rendered void by any provision of Companies Act 2006 or by any other provision of law.

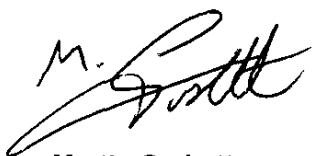
# **GBUK Group Limited**

## **Directors' report for the year ended 30 June 2020 (continued)**

### **Independent Auditors**

PricewaterhouseCoopers LLP were appointed as auditors of the company on 14 April 2016, reappointed on the 21 September 2019 and will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

This report and the financial statements on pages 10 to 49 were approved by the Board of Directors on *17* December 2020 and signed by order of the Board:

A handwritten signature in black ink, appearing to read 'M. Garbett', with a stylized flourish at the end.

**Martin Garbett**

**Company Secretary**



# **GBUK Group Limited**

## **Independent auditors' report to the members of GBUK Group Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, GBUK Group Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2020 and of the group's profit and the group's and the parent company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and consolidated financial statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 30 June 2020; the consolidated statement of comprehensive income, the consolidated and parent company statements of cash flows, and the consolidated and parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **GBUK Group Limited**

### **Independent auditors' report to the members of GBUK Group Limited (continued)**

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

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

# **GBUK Group Limited**

## **Independent auditors' report to the members of GBUK Group Limited (continued)**

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

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew McIntosh (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds

17 December 2020

# GBUK Group Limited

## Consolidated statement of comprehensive income for the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
<b>Continuing operations</b>			
Revenue	5	66,825	43,623
Cost of sales	6	(39,817)	(26,291)
<b>Gross profit</b>		<b>27,008</b>	17,332
Selling and Distribution expenses	6	(4,591)	(3,917)
Administrative expenses	6	(5,717)	(4,483)
Depreciation and amortisation	6	(3,435)	(3,188)
<b>Operating profit</b>		<b>13,265</b>	5,744
<b>Analysed as:</b>			
<b>Underlying Operating Profit</b>		<b>13,522</b>	6,311
Management Fees	6	(257)	(256)
Exceptional items	10	-	(311)
		<b>13,265</b>	5,744
Finance costs	11	(1,312)	(860)
<b>Profit before income tax</b>		<b>11,953</b>	4,884
Income tax expense	12	(2,391)	(1,048)
<b>Profit for the financial year</b>		<b>9,562</b>	3,836
<b>Other comprehensive income:</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Cash flow hedges	26	235	483
Income tax effect		(57)	(80)
<b>Other comprehensive income for the year, net of tax</b>		<b>178</b>	403
<b>Total comprehensive income for the year, net of tax</b>		<b>9,740</b>	4,239

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £1,676,000 (2019: Profit £7,245,000).

The notes on pages 16 to 49 are an integral part of these consolidated financial statements.

# GBUK Group Limited

## Consolidated and company statements of financial position as at 30 June 2020

Registered number 09458917

		Group	Company	Restated Group	Restated Company
		2020	2020	2019	2019
	Note	£'000	£'000	£'000	£'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	1,371	-	997	-
Intangible assets	14	20,916	796	22,709	-
Right of use assets	15	866	-	-	-
Investments	16	-	36,238	-	36,238
<b>Total non-current assets</b>		<b>23,153</b>	<b>37,034</b>	<b>23,706</b>	<b>36,238</b>
<b>Current assets</b>					
Inventories	18	15,393	-	9,000	-
Trade and other receivables	19	16,623	59	6,682	-
Cash and cash equivalents	20	28,448	1,403	2,448	9
<b>Total current assets</b>		<b>60,464</b>	<b>1,462</b>	<b>18,130</b>	<b>9</b>
<b>Total assets</b>		<b>83,617</b>	<b>38,496</b>	<b>41,836</b>	<b>36,247</b>

# GBUK Group Limited

## Consolidated and company statements of financial position as at 30 June 2020 (continued)

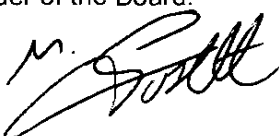
Registered number 09458917

		Group	Company	Restated Group	Restated Company
		2020	2020	2019	2019
	Note	£'000	£'000	£'000	£'000
<b>Equity and liabilities</b>					
<b>Attributable to equity holders of the company</b>					
Share capital	21/22	12	12	12	12
Share premium	21/22	354	354	354	354
Capital redemption reserve	22	8	8	8	8
Hedging reserve	26	1,091	-	913	-
Preference share dividend payable		4,992	4,992	3,581	3,581
Retained earnings / (Accumulated losses)		12,715	(150)	4,666	2,937
<b>Total equity</b>		<b>19,172</b>	<b>5,216</b>	<b>9,534</b>	<b>6,892</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Bank borrowings	25	19,796	19,796	21,128	21,128
Lease Liabilities	24	447	-	-	-
Deferred income tax liabilities	27	1,380	-	1,715	-
<b>Total non-current liabilities</b>		<b>21,623</b>	<b>19,796</b>	<b>22,843</b>	<b>21,128</b>
<b>Current liabilities</b>					
Bank borrowings	25	3,000	3,000	2,500	2,500
Deferred consideration		-	-	120	120
Trade and other payables	23	39,172	10,484	6,023	5,607
Lease Liabilities	24	500	-	-	-
Current income tax liabilities		150	-	816	-
<b>Total current liabilities</b>		<b>42,822</b>	<b>13,484</b>	<b>9,459</b>	<b>8,227</b>
<b>Total liabilities</b>		<b>64,445</b>	<b>33,280</b>	<b>32,302</b>	<b>29,355</b>
<b>Total equity and liabilities</b>		<b>83,617</b>	<b>38,496</b>	<b>41,836</b>	<b>36,247</b>

The financial statements were authorised for issue by the Board of Directors on 17 December 2020 and were signed by order of the Board:

Martin Garbett

Company Secretary



The notes on pages 16 to 49 are an integral part of these consolidated financial statements.

# GBUK Group Limited

## Consolidated and company statements of changes in equity for the year ended 30 June 2020

Group	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Hedging reserve £'000	Restated Preference share dividend payable £'000	(Accumulated losses) / Retained earnings £'000	Total equity £'000
<b>Balance at 1 July 2018</b>	20	16,730	-	510	-	(4,859)	12,401
Profit for the year	-	-	-	-	-	3,836	3,836
Other comprehensive income	-	-	-	403	-	-	403
<b>Total comprehensive income</b>	-	-	-	403	-	3,836	4,239
Preference shares dividend restated	-	-	-	-	5,393	-	5,393
Preference shares dividend payable	-	-	-	-	2,325	(2,325)	-
Share premium reduction (note 22)	-	(16,376)	-	-	-	16,376	-
Share buy-back (note 22)	(8)	-	8	-	(4,138)	(8,362)	(12,500)
<b>Balance at 30 June 2019</b>	12	354	8	913	3,581	4,666	9,534

Statement of changes in equity restated to present Preference shares dividend payable in equity (previously presented in liabilities).

Group	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Hedging reserve £'000	Preference share dividend payable £'000	(Accumulated losses) / Retained earnings £'000	Total equity £'000
<b>Balance at 1 July 2019</b>	12	354	8	913	3,581	4,666	9,534
IFRS 16 adoption adjustment	-	-	-	-	-	(102)	(102)
<b>Amended balance at 1 July 2019</b>	12	354	8	913	3,581	4,564	9,432
Profit for the year	-	-	-	-	-	9,562	9,562
Other comprehensive income	-	-	-	178	-	-	178
<b>Total comprehensive income</b>	-	-	-	178	-	9,562	9,740
Preference shares dividend payable	-	-	-	-	1,411	(1,411)	-
<b>Balance at 30 June 2020</b>	12	354	8	1,091	4,992	12,715	19,172

# GBUK Group Limited

## Consolidated and company statements of changes in equity for the year ended 30 June 2020 (continued)

Company	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Hedging reserve £'000	Restated Preference share dividend payable £'000	(Accumulated losses) / Retained earnings £'000	Total equity £'000
Balance at 1 July 2018	20	16,730	-	-	-	(9,997)	6,753
Profit for the year	-	-	-	-	-	7,245	7,245
<b>Total comprehensive income</b>	-	-	-	-	-	<b>7,245</b>	<b>7,245</b>
Preference shares dividend restated	-	-	-	-	5,394	-	5,394
Preference shares dividend payable	-	-	-	-	2,325	(2,325)	-
Share premium reduction (note 22)	-	(16,376)	-	-	-	16,376	-
Share buy-back (note 22)	(8)	-	8	-	(4,138)	(8,362)	(12,500)
<b>Balance at 30 June 2019</b>	<b>12</b>	<b>354</b>	<b>8</b>	<b>-</b>	<b>3,581</b>	<b>2,937</b>	<b>6,892</b>

Statement of changes in equity restated to present Preference shares dividend payable in equity (previously presented in liabilities).

Company	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Hedging reserve £'000	Preference share dividend payable £'000	(Accumulated losses) / Retained earnings £'000	Total equity £'000
Balance at 1 July 2019	12	354	8	-	3,581	2,937	6,892
Loss for the year	-	-	-	-	-	(1,676)	(1,676)
<b>Total comprehensive income</b>	-	-	-	-	-	<b>(1,676)</b>	<b>(1,676)</b>
Preference shares dividend payable	-	-	-	-	1,411	(1,411)	-
<b>Balance at 30 June 2020</b>	<b>12</b>	<b>354</b>	<b>8</b>	<b>-</b>	<b>4,992</b>	<b>(150)</b>	<b>5,216</b>

The notes on pages 16 to 49 are an integral part of these consolidated financial statements.



# GBUK Group Limited

## Consolidated and company statements of cash flows for the year ended 30 June 2020

		Group	Company	Group	Company
		2020	2020	2019	2019
	Note	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Cash generated from / (used in) operations	28	33,756	4,384	6,321	(3,621)
Interest paid		(814)	(814)	(711)	(711)
Income tax paid		(3,448)	-	(1,218)	-
Net cash generated from operating activities		<b>29,494</b>	<b>3,570</b>	4,392	(4,332)
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries	30	-	-	(1,318)	(1,432)
Purchase of property, plant and equipment	13	(747)	-	(223)	-
Purchase of intangible assets	14	(926)	(800)	(313)	-
Dividends received		-	-	-	9,000
Net cash (used in) / generated from investing activities		<b>(1,673)</b>	<b>(800)</b>	(1,854)	7,568
<b>Cash flows from financing activities</b>					
Leases capital payment	24	(418)	-	-	-
Leases interest payment	24	(27)	-	-	-
Repayment of preference shares	22	-	-	(12,500)	(12,500)
Deferred consideration repaid	30	(126)	(126)	-	-
Deferred consideration introduced	30	-	-	126	126
Proceeds from borrowings	25	-	-	11,267	11,267
Repayment of borrowings	25	(1,250)	(1,250)	(2,125)	(2,125)
Net cash used in financing activities		<b>(1,821)</b>	<b>(1,376)</b>	(3,232)	(3,232)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>26,000</b>	<b>1,394</b>	(694)	4
Cash and cash equivalents at beginning of year		2,448	9	3,142	5
<b>Cash and cash equivalents at end of year</b>	20	<b>28,448</b>	<b>1,403</b>	2,448	9

The notes on pages 16 to 49 are an integral part of these consolidated financial statements.

# **GBUK Group Limited**

## **Notes to the consolidated financial statements for the year ended 30 June 2020**

### **1 General information**

#### **General information**

The principal activity of the company during the year was to act as the holding company of its group, which during the year was principally engaged in the supply of medical devices.

GBUK Group Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom. Its principal place of business is its registered office located at Woodland House, Blackwood Hall Business Park, North Duffield, Selby, North Yorkshire YO8 5DD.

### **2 Accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied during the years presented.

#### **Basis of preparation**

The consolidated financial statements of GBUK Group Limited have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IFRS Interpretations Committee (collectively IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, modified by the valuation of financial derivatives.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where judgements and estimates are significant to the consolidated financial statements are disclosed in note 3.

#### **Going concern**

In determining the going concern of the company the directors have considered the group's current and forecast profitability required to operate for a period of no less than 12 months from the date of signing these financial statements.

The directors are confident of meeting its future financial forecasts and its obligations to creditors as the group is generating strong operating profits and cash and has appropriate financing facilities. As such, these financial statements have been prepared on the going concern basis.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 2 Accounting policies (continued)

#### New and amended standards adopted by the group

##### IFRS 16: Leases

From 1 July 2019 the Group has applied IFRS 16 Leases. The main principle of the standard is to eliminate the dual accounting model for lessees under IAS 17, which distinguishes between on balance sheet finance leases and off-balance sheet operating leases, and to provide a single model for lessee accounting.

IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases unless the lease term is 12 months or less or the underlying asset is of low value. The standard represents a significant change in the accounting and reporting of leases and it will impact the income statement and balance sheet as well as statutory and Alternative Performance Measures used by the Group.

Transition to IFRS 16 for the Group took place on 1 July 2019, with the impact on the group's results and the balance sheet was as expected. The Group applied IFRS 16 in the year ended 30 June 2020 and the opening impact on the consolidated balance sheet as at 1 July 2019 was:

- recognition of right-of-use assets of £1,087,000 within non-current assets;
- financial liabilities would increase by £1,197,000 to reflect the recognition of the discounted lease liabilities; and
- an adjustment to opening retained earnings of £110,000.

From 1 July 2019 the Group has applied IFRIC 23 Uncertainty over Income Tax Treatments. The main principle of the interpretation applies where there is uncertainty over the acceptable income tax treatment of an item, for example, whether an item of income is taxable or not. The Interpretation requires that: The effect of uncertainty may be reflected based on the most likely amount or expected values.

#### Standards and interpretations in issue and not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied to these consolidated financial statements, were in issue but not yet effective:

Standard	Issue date	Effective for periods commencing on or after
IFRS 17 Insurance Contracts	January 2020	1 January 2023

A full impact of IFRS 17 has not yet been assessed, but the standard is not expected to be relevant to the group. Other new standards or amendments to existing standards not yet effective are considered as not relevant to the group.

# **GBUK Group Limited**

## **Notes to the consolidated financial statements for the year ended 30 June 2020**

### **2 Accounting policies (continued)**

#### **Consolidation**

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. The consolidated financial statements present the results of the company and its subsidiaries ('the group') applying consistent accounting policies and after the elimination of intercompany transactions and balances between group companies.

*The company applies the acquisition method to account for business combinations. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.*

#### **Revenue**

From 1 July 2018 the Group has applied IFRS15 Revenue from contracts with customers. Revenue is recognised from the transfer of goods at a point in time when control of the goods transfers to the customer. This is considered to occur when the buyer can direct the use of the goods, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involved with the goods.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods supplied, net of returns, discounts and rebates allowed by the group and value added taxes.

The company recognises revenue on a principle-based approach of when a customer obtains control of a goods or service and has the ability to direct the use and obtain the benefits from the goods or services. Where payments are received from customers in advance of the goods being delivered, the amounts are included as part of current liabilities.

# **GBUK Group Limited**

## **Notes to the consolidated financial statements for the year ended 30 June 2020**

### **2 Accounting policies (continued)**

#### **Employee benefits**

The group operates various post-employment schemes, including pension contributions.

##### **(i) Defined contribution pension scheme**

The group operates a defined contribution scheme for its employees. A defined contribution scheme is a pension scheme under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of financial position. The assets of the scheme are held separately from the group in independently administered funds.

#### **Exceptional items**

Items that are material either because of their size, their nature, and are irregular, such as the acquisition costs of a business combination. Exceptional items are shown separately in the statement of comprehensive income where it is necessary to do so to provide further understanding of the financial performance of the group.

#### **Interest income**

Interest income is recognised using the effective interest method.

#### **Current and deferred income tax**

The tax charge for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 2 Accounting policies (continued)

#### Current and deferred income tax (continued)

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

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 on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### Foreign currency translation

The consolidated financial statements are presented in pound sterling (£), which is the functional currency of the company and the presentation currency of the group. All amounts in these consolidated financial statements have been rounded to the nearest thousand, unless otherwise indicated.

Transactions in foreign currency are initially converted to sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange prevailing at the reporting date. All differences on exchange are taken to the consolidated statement of comprehensive income.

The assets and liabilities of foreign operations are translated to sterling at foreign exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated into sterling at rates approximating the foreign exchange rates ruling at the date of transactions. Foreign exchange differences arising on the translation of foreign operations are recognised in other comprehensive income and presented as a foreign currency translation reserve.

#### Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate cost to residual values over estimated useful lives, as follows:

Buildings	10 to 20 years
Furniture, fittings and equipment	3 to 5 years
Plant and machinery	5 years

# **GBUK Group Limited**

## **Notes to the consolidated financial statements for the year ended 30 June 2020**

### **2 Accounting policies (continued)**

#### **Property, plant and equipment (continued)**

The assets residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### **Intangible assets**

##### **(a) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is allocated to cash generating units ("CGU's") for the purposes of impairment testing and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

##### **(b) Intellectual property**

Intellectual property is shown at historical costs. Intellectual property acquired in a business combination are recognised at fair value at the date of acquisition. These assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful economic lives.

##### **(c) Development costs**

Development costs are capitalised only after technical and commercial feasibility of the asset for sale or use has been established, and the asset will generate future economic benefits. These assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful economic lives.

##### **(d) Customer relationships**

Customer relationships acquired in a business combination are recognised at fair value at the date of acquisition. These assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is determined by the relevant valuation method to allocate the cost over their estimated useful economic lives.

##### **(e) Computer software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Computer software is stated at costs less accumulated amortisation and accumulated impairment losses.

Where factors such as technological advancement or changes in market price indicate the residual value or useful life have changes, these are amended prospectively to reflect the new circumstances.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 2 Accounting policies (continued)

#### Intangible assets (continued)

The significant intangible assets recognised by the group, their useful economic lives and the methods used to determine the cost of these intangibles acquired on acquisition are as follows:

	Useful economic life	Valuation method
Intellectual property	10 years	Cost for acquired, Multiple of estimated reserves and profits for internally generated
Development costs	10 years	Cost
Customer relationships	7 years	Multi-Period Excess Earnings Method (MEEM)
Computer software	3 years	Cost

The assets are reviewed annually for any indication that the carrying amount may be impaired.

#### Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### Inventories

Inventories, including stock in transit, are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.



# **GBUK Group Limited**

## **Notes to the consolidated financial statements for the year ended 30 June 2020**

### **2 Accounting policies (continued)**

#### **Financial assets**

*The group has one classification of financial assets; loans and receivables. Management determines the classification of its financial assets at initial recognition.*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers and are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

#### **Trade and other receivables**

Trade receivables are amounts due from customers for goods and services provided in the ordinary course of business. If collection is expected in one period or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and cash held at banks.

#### **Financial liabilities**

The group has one classification of financial liabilities; other financial liabilities which include 'trade payables' and 'borrowings'.

#### **Related party balances**

Amounts due to or from subsidiary undertakings and amounts due between related parties that are 100% owned by GBUK Group Limited are all held interest free and repayable on demand. Amounts due to or from entities controlled by a director and shareholder of the company or with the ultimate parent undertaking are on standard commercial terms and repayable on demand.

#### **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one period or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables includes the value of stock in transit, when the transfer of ownership and legal title has taken place.

# **GBUK Group Limited**

## **Notes to the consolidated financial statements for the year ended 30 June 2020**

### **2 Accounting policies (continued)**

#### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### **Derivative financial instruments**

The group uses derivative financial instruments, forward contracts, to hedge its foreign currency risks, based on a management policy objective of holding forward contracts to cover approximately 75% of expected foreign currency expenditure over the next eighteen months. From 1 July 2018 the Group has applied IFRS 9 Financial Instruments, initially recognising at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedged item affects profit or loss.

At the inception of a cash flow hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Hedges are expected to be highly effective in offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For cash flow hedges that meet the strict criteria for hedge accounting the effective portion of the gain or loss on the instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses.

#### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or counterparty.

#### **Share capital**

Ordinary shares and preference shares issued in prior years are classified as equity.

# **GBUK Group Limited**

## **Notes to the consolidated financial statements for the year ended 30 June 2020**

### **2 Accounting policies (continued)**

#### **Leases**

Leases are presented with the recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts right-of-use assets as part of property, plant and equipment and the lease liabilities as other liabilities in the balance sheet. Depreciation on the right-of-use asset and interest on the financial liability are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. The group does not have any leases classified as finance leases.

#### **Fair value estimation**

Fair values estimation under IFRS 13 requires the group to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements on its financial assets. 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 or indirectly.
- Level (3) inputs for the asset or liabilities that are not based on observable market data.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 2 Accounting policies (continued)

#### Changes in accounting policies

As a result of the changes in the company's recognition of preference shares dividend payable, prior year financial statements had to be restated.

On 13 November 2015 the company issued 11,950,000 preference shares at £0.001 per share par value and on 12 September 2016 the company issued 4,442,989 preference shares at £0.001 per share par value. In the prior year preference shares dividend payable was recognised as trade and other payables, but it is now agreed that the preference shares are not redeemable and therefore should be recognised as equity.

The reclassifications and the adjustments arising from the new recognition are therefore not reflected in the restated balance sheet as at 30 June 2018, but are recognised in the opening balance sheet on 1 July 2019.

The following table shows the adjustments recognised for each individual line item.

	As Originally presented	Preference shares dividend payable to equity	Restated Group	Restated Group
	30 June 2018		30 June 2018	1 July 2019
	£'000	£'000	£'000	£'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,086	-	1,086	1,086
Intangible assets	23,832	-	23,832	23,832
Investments	-	-	-	-
<b>Total non-current assets</b>	<b>24,918</b>	<b>-</b>	<b>24,918</b>	<b>24,918</b>
<b>Current assets</b>				
Inventories	5,814	-	5,814	5,814
Trade and other receivables	6,038	-	6,038	6,038
Cash and cash equivalents	3,142	-	3,142	3,142
<b>Total current assets</b>	<b>14,994</b>	<b>-</b>	<b>14,994</b>	<b>14,994</b>
<b>Total assets</b>	<b>39,912</b>	<b>-</b>	<b>39,912</b>	<b>39,912</b>

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 2 Accounting policies (continued)

	As Originally presented	Preference shares dividend payable to equity	Restated Group	Restated Group
	30 June 2018		30 June 2018	1 July 2019
	£'000	£'000	£'000	£'000
<b>Equity and liabilities</b>				
<b>Attributable to equity holders of the company</b>				
Share capital	20	-	20	20
Share premium	16,730	-	16,730	16,730
Capital redemption reserve	-	-	-	-
Hedging reserve	510	-	510	510
Preference share dividend payable	-	5,393	5,393	5,393
Accumulated losses	(4,859)	-	(4,859)	(4,859)
<b>Total equity</b>	<b>12,401</b>	<b>5,393</b>	<b>17,794</b>	<b>17,794</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Bank borrowings	12,330	-	12,330	12,330
Deferred income tax liabilities	1,990	-	1,990	1,990
<b>Total non-current liabilities</b>	<b>14,320</b>	<b>-</b>	<b>14,320</b>	<b>14,320</b>
<b>Current liabilities</b>				
Bank borrowings	2,000	-	2,000	2,000
Deferred consideration	-	-	-	-
Trade and other payables	10,763	(5,393)	5,370	5,370
Current income tax liabilities	428	-	428	428
<b>Total current liabilities</b>	<b>13,191</b>	<b>(5,393)</b>	<b>7,798</b>	<b>7,798</b>
<b>Total liabilities</b>	<b>27,511</b>	<b>(5,393)</b>	<b>22,118</b>	<b>22,118</b>
<b>Total equity and liabilities</b>	<b>39,912</b>	<b>-</b>	<b>39,912</b>	<b>39,912</b>

# **GBUK Group Limited**

## **Notes to the consolidated financial statements for the year ended 30 June 2020**

### **3 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

#### **Estimates**

##### **(a) Goodwill**

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows using estimated growth rates and appropriate discount rates as mentioned in note 14.

##### **(b) Relationships**

Customer and Supplier relationships acquired in a business combination are recognised at fair value at the date of acquisition with an estimated useful life. The valuation of customer relationships is based on the excess earnings method, representing the present value of future cash flows expected to be generated by customer relationships. The valuation of supplier relationships is based on the with-or-without method, based on comparing future cash flows expected to arise from having the intangible asset available against the future cash flows expected to arise from not having the intangible asset available.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 4 Financial risk management

#### 4.1 Financial risk factors

The group's activities expose it to a variety of market and financial risk. The Board has overall responsibility for the determination of the group's risk management objectives and policies, and receives quarterly financial reports through which it reviews the effectiveness of the processes in place and the appropriateness of the objectives and policies.

##### Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and US Dollar. The company uses forward exchange contracts to hedge against exposure risk on trade payables, monitoring relevant foreign exchange rates *to reduce the impact of any significant devaluation in Sterling*. Although the board accepts that this does not fully eliminate exchange rate risk associated with a devaluation of Sterling, it considers that they achieve an appropriate balance of exposure to these risks.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. *The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with LIBOR+ interest rates.* The group manages its interest rate risk by restricting the level of leverage acceptable to the business and ensuring forecasts maintain a comfortable amount of headroom.

##### Liquidity risk

Liquidity risk is the risk that the company is unable to meet its current and future financial obligations as they fall due at acceptable cost. The group's working capital levels are sufficient to meet current obligations as they fall due. The directors do not believe that there is any significant exposure to liquidity risk on meeting future financial obligations as the group is generating strong operating profits and cash and has appropriate financing facilities, some of which are currently undrawn but available, to manage any liquidity requirement.

##### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty will default on its contractual obligations. The group is exposed to credit risk from credit sales, but has strong credit management processes in place, including a credit risk assessment of new customers and a monthly review of creditworthiness of existing customers based on trade receivables ageing analysis.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 4 Financial risk management (continued)

#### 4.2 Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to the parent undertaking and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the value of dividends paid, capital returned to the immediate parent undertaking, issue new shares or sell assets to reduce debt, subject to available distributable reserves. No changes were made in the objectives, policies or processes during the year ended 30 June 2020. Capital consists of equity attributable to equity holders of the group, which amounted to a surplus of £19,172,000 as at 30 June 2020, with retained earnings of £12,715,000.

### 5 Revenue

For management purposes, the group is organised into business units based on products and markets, with a trading entity for each segment, as follows:

GBUK LTD supplies critical care and patient handling medical consumables.

GBUK Enteral Limited supplies enteral feeding consumables and devices.

R&J Medical Limited supplies women's health medical devices and consumables.

GBUK Group Limited provides management services to the trading entities

Total revenue for the year ended 30 June 2020 was split between the trading entities as follows:

	2020	2019
Group	£'000	£'000
GBUK LTD	35,086	15,423
GBUK Enteral Limited	31,739	27,374
R&J Medical Limited	-	826
<b>Total</b>	<b>66,825</b>	<b>43,623</b>

Total revenue for the year ended 30 June 2020 relates to revenue primarily originated in the United Kingdom.

	2020	2019
Group	£'000	£'000
United Kingdom	56,526	34,703
European Union	10,078	8,737
Rest of the World	221	183
<b>Total</b>	<b>66,825</b>	<b>43,623</b>

The revenue, profit for the year, total assets and total liabilities are attributable to the principal activities of the group as described in the Strategic report on page 2.



# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 6 Expenses by nature

	2020	2019
	£'000	£'000
Cost of sales	39,817	26,291
Selling and distribution (net of remuneration & lease charges)	1,357	1,396
Employee benefit expense (note 8)	7,490	4,710
Depreciation and amortisation charges (notes 13 and 14)	3,092	3,188
Depreciation on right of use assets (note 15)	343	-
Rent and service charges	-	373
Rates	131	131
Legal and professional fees	150	149
Computer costs	190	186
Management fee	257	256
Operating lease charges	-	112
Auditors' remuneration (note 7)	95	84
Foreign exchange gains	(23)	(32)
Other expenses	661	724
<b>Total operating expenses</b>	<b>53,560</b>	<b>37,568</b>

### 7 Auditors' remuneration

	2020	2019
	£'000	£'000
Fees payable to the company's auditors for the audit of the parent company and consolidated financial statements	21	21
Fees payable to the company's auditors for other services:		
- Audit of the company's subsidiaries	48	46
- Tax services for the group	26	17
- Transaction services (note 10)	-	115
	<b>95</b>	<b>199</b>

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 8 Employee benefit expense

	2020	2019
	£'000	£'000
Wages and salaries	6,536	4,141
Social security costs	761	412
Other pension costs	193	157
	<b>7,490</b>	<b>4,710</b>

The average monthly number of employees, excluding executive directors, during the year was as follows:

	2020	2019
By activity	Number	Number
Administration	32	29
Research & Development	11	10
Sales	33	27
Warehouse	20	19
	<b>96</b>	<b>85</b>

### 9 Directors' remuneration

	2020	2019
Group	£'000	£'000
<b>Aggregate remuneration (note 31)</b>	<b>1,975</b>	<b>898</b>
<b>Remuneration to highest paid director</b>	<b>516</b>	<b>281</b>
<b>Pension to highest paid director</b>	<b>13</b>	<b>8</b>

The directors of all 'GBUK group' companies received their remuneration in 2020 from the parent company GBUK Group Limited.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 10 Exceptional items

The exceptional items during the year are detailed below:

	2020 £'000	2019 £'000
<b>Group reorganisation and acquisition of subsidiary cost</b>	-	311

Exceptional costs in the prior year relate to refinancing by GBUK Group Limited and the acquisition by the company of the share capital of R&J Medical Limited, including legal services, financial and commercial due diligence.

### 11 Finance income and finance costs

	2020 £'000	2019 £'000
Finance costs:		
Bank interest	(1,034)	(711)
Amortisation of bank debt fees	(199)	(156)
Finance charge on leases	(72)	-
Fair value movement on deferred consideration	(7)	7
Other interest	-	-
<b>Finance costs</b>	<b>(1,312)</b>	<b>(860)</b>
Finance income:		
Interest income on cash at bank	-	-
<b>Finance income</b>	<b>-</b>	<b>-</b>
<b>Net finance costs</b>	<b>(1,312)</b>	<b>(860)</b>

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 12 Income tax expense

	2020	2019
	£'000	£'000
<b>Current tax:</b>		
Current tax on profit for the year	2,766	1,528
Adjustments in respect of prior periods	(1)	1
<b>Total current tax charge</b>	<b>2,765</b>	<b>1,529</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(451)	(480)
Adjustment in respect of prior periods	(90)	-
Impact of change in tax rate	167	(1)
Movement arising from the acquisition of business	-	-
<b>Total deferred tax credit (note 27)</b>	<b>(374)</b>	<b>(481)</b>
<b>Total tax charge</b>	<b>2,391</b>	<b>1,048</b>

Tax on the group's profit before tax differs from (2019: differs from) the theoretical amount that would arise using the standard tax rate applicable in the UK to profit of the consolidated entities as follows:

	2020	2019
	£'000	£'000
<b>Profit before income tax</b>	<b>11,953</b>	<b>4,884</b>
Tax calculated at the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%)	2,271	928
Tax effects of:		
Adjustments in respect of prior periods	(90)	-
Tax rate changes	156	65
International taxes	50	-
Expenses not deductible for tax purposes	4	55
<b>Income tax charge</b>	<b>2,391</b>	<b>1,048</b>

Factors that may affect future tax charges are covered under note 27 on deferred income tax.

## GBUK Group Limited

### Notes to the consolidated financial statements for the year ended 30 June 2020

#### 13 Property, plant and equipment

	Buildings	Plant and machinery	Furniture, fittings and equipment	Total
Group	£'000	£'000	£'000	£'000
<b>At 1 July 2019</b>	<b>460</b>	<b>355</b>	<b>182</b>	<b>997</b>
Additions	4	680	63	747
Depreciation charge	(33)	(201)	(139)	(373)
<b>Closing net book amount</b>	<b>431</b>	<b>834</b>	<b>106</b>	<b>1,371</b>
<b>At 30 June 2020</b>				
Cost	646	1,365	759	2,770
Accumulated depreciation	(215)	(531)	(653)	(1,399)
<b>Net book amount</b>	<b>431</b>	<b>834</b>	<b>106</b>	<b>1,371</b>

Depreciation charge of £373,000 (2019: £314,000) has been charged in 'Depreciation and amortisation in the consolidated statement of comprehensive income.

The company GBUK Group Limited as an individual entity has no property, plant and equipment.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 14 Intangible assets

	Intellectual property	R&D	Customer relationships	Supplier relationships	Goodwill	Total
Group	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 July 2019</b>	<b>676</b>	<b>411</b>	<b>7,234</b>	<b>382</b>	<b>14,006</b>	<b>22,709</b>
Additions	318	608	-	-	-	926
Amortisation charge	(45)	(53)	(2,239)	(382)	-	(2,719)
<b>Closing net book amount</b>	<b>949</b>	<b>966</b>	<b>4,995</b>	<b>-</b>	<b>14,006</b>	<b>20,916</b>
<b>At 30 June 2020</b>						
Cost	1,064	1,035	15,965	2,508	14,006	34,578
Accumulated amortisation charge	(115)	(69)	(10,970)	(2,508)	-	(13,662)
<b>Closing net book amount</b>	<b>949</b>	<b>966</b>	<b>4,995</b>	<b>-</b>	<b>14,006</b>	<b>20,916</b>

Amortisation and depreciation charge of £3,435,000 (2019: £3,188,000) has been charged in 'Depreciation and amortisation' in the consolidated statement of comprehensive income, including £2,719,000 (2019: £2,874,000) of Intangible asset amortisation, £373,000 (2019: £314,000) of Fixed asset depreciation and £343,000 (2019: £nil) of Right of Use depreciation.

The company GBUK Group Limited has £590,000 of intangible assets following a sales and transfer of business assets from 100% owned subsidiary Metis Design B.V. on 1<sup>st</sup> January 2020.

#### Impairment tests for goodwill

In accordance with IAS 36 'impairment of assets' goodwill is subject to an annual impairment review. The directors do not consider the need for an impairment charge at 30 June 2019.

The recoverable amount of goodwill with a carrying value of £14,006,000 as at 30 June 2020 was assessed based on a discounted cashflow valuation. The carrying value of goodwill comprises the GBUK Group Limited acquisition of trading entities GBUK LTD and GBUK Enteral Limited on 13 November 2015 being £9,888,000, the acquisition of Intervene Group Limited on 12 September 2016 being £3,418,000 and the acquisition of R&J Medical Limited on 10 September 2018 being £700,000. The calculation used pre-tax cash flow projections for the combined group, now trading under GBUK LTD and GBUK Enteral Limited, following the sale and transfer of business assets of Intervene Group Limited and R&J Medical Limited on 1 July 2018 and 1 July 2019 respectively, based on financial forecasts approved by management covering a five-year period. Cash flows beyond the five-year period reduced to an extrapolation rate of 1.0% growth.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 14 Intangible assets (continued)

#### Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for the cash generating unit is most sensitive to the following assumptions:

- Discount rates – the discount rate is based on the group's weighted average cost of capital, adjusted to reflect the pre-tax discount rate for the combined group at 16.9%. A long-term increase in the weighted average cost of capital above 30.2%, without any other variations would have an effect on the discounted cash flows of the cash generating unit and then indicate a need for goodwill impairment;
- Growth rates used to extrapolate cash flows beyond the forecast period – rates are based on published industry research and long-range forecasts for country inflation rates. A reduction of long term growth rates to negative growth rates would cause value in use to fall below the carrying value;
- Gross margin – gross margins are based on average values expected to June 2021. Decrease in demand can lead to a decline in the gross margin.

As of 30 June 2020, the group did not have any intangible assets with indefinite useful lives, and there being no indication of impairment, no annual impairment review of intangible assets has taken place.

### 15 Right of use assets

	Buildings	Plant and machinery	Furniture, fittings and equipment	Total
Group	£'000	£'000	£'000	£'000
<b>At 1 July 2019</b>	-	-	-	-
IFRS 16 adoption	956	106	25	1,087
Additions	-	120	2	122
Depreciation charge	(294)	(38)	(11)	(343)
<b>Closing net book amount</b>	<b>662</b>	<b>188</b>	<b>16</b>	<b>866</b>
<b>At 30 June 2020</b>				
Cost	956	226	27	1,209
Accumulated depreciation	(294)	(38)	(11)	(343)
<b>Net book amount</b>	<b>662</b>	<b>188</b>	<b>16</b>	<b>866</b>

Lease depreciation charge of £343,000 (2019: £nil) has been charged in 'Depreciation and amortisation' in the consolidated statement of comprehensive income.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 16 Investments

#### Company

	£'000
<b>Shares in subsidiary undertakings</b>	
<b>At 30 June 2019</b>	<b>36,238</b>
Acquisitions (note 30)	-
<b>At 30 June 2020</b>	<b>36,238</b>

The carrying value of investments comprises the GBUK Group Limited acquisition of trading entities GBUK LTD and GBUK Enteral Limited on 13 November 2015 being £25,645,000, the acquisition of Intervene Group Limited on 12 September 2016 being £9,034,000, the acquisition of R&J Medical Limited on 10 September 2018 being £1,221,000 and the acquisition of Metis Design B.V. on 3 June 2019 being £338,000.

At 30 June 2020, the company's subsidiary undertakings were:

<b>Name of undertaking</b>	<b>Percentage shareholdin</b>	<b>Place of incorporation</b>	<b>Nature of business</b>
GBUK LTD	100%	United Kingdom	Supply of medical devices
GBUK Enteral Limited	100%	United Kingdom	Supply of medical devices
R&J Medical Limited	100%	Northern Ireland	Dormant
Intervene Group Limited	100%	United Kingdom	Dormant
Metis Design B.V.	100%	Netherlands	Dormant
Enteral UK Limited	100%	United Kingdom	Dormant
GB (UK) HC Limited*	100%	United Kingdom	Dormant
Quintal Healthcare Limited*	100%	United Kingdom	Dormant
Intervene Limited**	100%	United Kingdom	Dormant
Intervene Sales & Support Limited**	100%	United Kingdom	Dormant
Surety Devices Limited*	100%	United Kingdom	Dormant

\*Indirectly held

\*\* Indirectly held and exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual financial statements by virtue of s479A of the act.

All undertakings with the exception of R&J Medical Limited and Metis Design B.V. share the parent company registered address of Woodland House, Blackwood Hall Business Park, North Duffield, Selby, YO8 5DD. R&J Medical Limited registered address is Marlborough House, 30 Victoria Street, Belfast, BT1 3GG. Metis Design B.V. registered address is Herikerbergweg 88, 1101 CM Amsterdam.



# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 17 Fair value of financial instruments

*Financial instruments comprise financial assets and financial liabilities.*

Financial assets comprise of cash and bank balances and receivables. Financial liabilities consist of borrowings and payables.

*The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.*

The fair values of financial instruments are not materially different from their carrying values largely due to the short-term maturities of these instruments.

### 18 Inventories

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Finished Goods	13,362	-	7,576	-
Stock in transit	2,031	-	1,424	-
<b>Total inventories</b>	<b>15,393</b>	<b>-</b>	<b>9,000</b>	<b>-</b>

The cost of inventories recognised is an expense and included in 'cost of sales' amounted to £39,817,000 (2019: £26,291,000).

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 19 Trade and other receivables

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
<b>Current</b>				
Trade receivables	12,140	-	4,435	-
Other current financial assets	1,332	-	1,097	-
Prepayments and accrued income	3,151	59	1,150	-
Cash on deposit	-	-	-	-
<b>Total trade and other receivables</b>	<b>16,623</b>	<b>59</b>	<b>6,682</b>	<b>-</b>

The fair values of trade and other receivables are equivalent to the carrying amounts.

#### Trade receivables

Trade receivables that are less than 3 months past due are not considered impaired. At 30 June 2020, trade receivables of £201,000 (company £nil) were more than 3 months past due. These relate to a number of customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
3 – 6 months	138	-	310	-
Over 6 months	63	-	150	-
	<b>201</b>	<b>-</b>	<b>460</b>	<b>-</b>

As of 30 June 2020, none of the trade receivables (company £nil) were impaired and provided for in full. By the date the financial statements were signed 99.0% of the amounts due had been collected.

The carrying amounts of receivables are denominated in pound sterling.

### 20 Cash and cash equivalents

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
<b>Cash and cash equivalents</b>	<b>28,448</b>	<b>1,403</b>	<b>2,448</b>	<b>9</b>

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 21 Ordinary Shares

	Number of shares	Share capital £	Share premium £	Total £
<b>Group and company</b>				
<b>At 30 June 2019 &amp; 30 June 2020</b>	<b>390,524</b>	<b>3,905</b>	<b>353,619</b>	<b>357,524</b>

On incorporation, the company issued 1 ordinary share of £1 at par value.

On 13 November 2015, the company sub divided the 1 subscriber share into 100 ordinary shares of £0.01 each.

On 13 November 2015, the company issued 250,000 ordinary A shares and 50,000 ordinary B shares of £0.01 per share at a value of £3,000.

On 15 March 2016, the company issued 32,000 ordinary C shares of £0.01 per share at par value.

On 31 January 2017, the company issued 1,333 ordinary C shares of £0.01 per share at par value.

### 22 Preference Shares

	Number of shares	Share capital £	Share premium £	Total £
<b>Group and company</b>				
<b>At 1 July 2019 and 30 June 2020</b>	<b>8,030,608</b>	<b>8,031</b>	<b>-</b>	<b>8,031</b>

On 13 November 2015 the company issued 11,950,000 preference shares at £0.001 per share par value and on 12 September 2016 the company issued 4,442,989 preference shares at £0.001 per share par value. The Preference Shares are not redeemable. A cumulative preferential dividend is compounded on the two issues at a rate of 12.5% and 11.0% respectively.

On 5 April 2019 the company bought back 8,362,201 preference shares at a total cost of £12,500,000, covering £8,362 of nominal value, £8,353,839 of original share premium and £4,137,799 of cumulative dividend. The capital reduction in preference shares was facilitated by a £9,000,000 dividend from GBUK Enteral Limited and the transfer of preference share premium to create distributable reserves as permitted by the Companies (Reduction reserves Capital) Order 2008 (SI 2008/1915) and resulted in the creation of a capital redemption reserve equal to the nominal value of £8,362.

At the 30 June 2020 preference share accrued but unpaid cumulative dividend totalled £4,992,000 (2019: £3,581,000).

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 23 Trade and other payables

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
<b>Current</b>				
Trade payables	5,015	96	3,486	17
Other Creditors	27,592	4	-	-
Amounts due to subsidiary undertakings	-	7,976	-	5,437
Social security and other taxes	1,947	607	185	(202)
Accrued expenses	4,618	1,801	2,352	355
	<b>39,172</b>	<b>10,484</b>	<b>6,023</b>	<b>5,607</b>

Other Creditors includes £27,571,000 in Customer Prepayments in relation to pre-ordered Coronavirus products. By the date the financial statements were signed Customer Prepayments reduced to £nil.

### 24 Lease liabilities

	Buildings £'000	Plant and machinery £'000	Furniture, fittings and equipment £'000	Total £'000
<b>Group</b>				
<b>At 1 July 2019</b>	-	-	-	-
IFRS 16 adoption	1,061	111	25	1,197
Additions	-	120	2	122
Finance charge	63	7	2	72
Payments	(371)	(59)	(14)	(444)
<b>At 30 June 2020</b>	<b>753</b>	<b>179</b>	<b>15</b>	<b>947</b>
Short-term portion	369	68	10	447
Long-term portion	384	111	5	500
<b>At 30 June 2020</b>	<b>753</b>	<b>179</b>	<b>15</b>	<b>947</b>

Finance charge on leases of £72,000 (2019: £nil) has been charged in 'Finance costs' in the consolidated statement of comprehensive income.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 25 Bank borrowings

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
<b>Non-current</b>				
<b>Bank borrowings</b>	<b>19,796</b>	<b>19,796</b>	<b>21,128</b>	<b>21,128</b>
	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
<b>Current</b>				
<b>Bank borrowings</b>	<b>3,000</b>	<b>3,000</b>	<b>2,500</b>	<b>2,500</b>

#### (i) Borrowings

At the 30 June 2019 bank borrowings include 2015 loans of Term A maturing 30 June 2020 and bearing interest margin of 2.75%, and Term B maturing 30 November 2021 and bearing interest margin of 3.25%. Plus 2016 loans of Term C maturing 30 September 2021 and bearing interest margin of 2.75%, and Term D maturing 30 November 2021 and bearing interest margin of 3.25%.

On 5 April 2019 the company increased bank borrowings with the same lender from £13,606,000 to £25,000,000 to facilitate the buy-back of preference shares. This resulted in loans of Term A and Term B only, both maturing 5 April 2023 and bearing interest margin of 3.25% and 3.75% respectively.

Bank borrowings include secured liabilities of £23,344,000 (2019: £24,375,000), secured by way of a fixed and floating charge and net of borrowings fees £548,000 (2019: £747,000) which are being amortised over the life over the loans. Borrowing fees of £199,000 (2019: £508,000) were amortised in the year to 30 June 2020.

The carrying value of the bank borrowings are deemed to approximate their fair value.

## GBUK Group Limited

### Notes to the consolidated financial statements for the year ended 30 June 2020

#### 26 Hedging reserve

	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Forward foreign exchange contracts – cash flow hedges	1,333	-	1,097	-
Income tax effect	(242)	-	(184)	-
<b>Hedging reserve</b>	<b>1,091</b>	<b>-</b>	<b>913</b>	<b>-</b>

At the year end, the group had contracted to purchase a total of £26,965,000 (2019: £23,319,000) forward contracts at various fixed exchange rates. These agreements were entered into to hedge the currency risk of future purchases of medical devices in Euros and US dollars.

The derivatives were remeasured on the 30 June 2020 based on the forward rates available for equivalent contracts at that date. The increase in fair value of £235,000 (2019: £483,000) was recognised in OCI, to be reclassified to profit or loss when the hedged item affects profit or loss.

The fair value hierarchy at 30 June 2020 was Level 2.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 27 Deferred income tax liabilities

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
<b>Deferred tax assets</b>				
Deferred tax asset to be recovered after more than 12 months	-	-	-	-
<b>Deferred tax liabilities</b>				
Deferred tax liability to be paid after more than 12 months	1,380	-	1,715	-
<b>Deferred tax liability (net)</b>	<b>1,380</b>	<b>-</b>	<b>1,715</b>	<b>-</b>

The gross movement on the deferred income tax account for the group is as follows:

	Deferred tax asset			Deferred tax liability		
	Tax loss	Total deferred tax asset	Restated Accelerated capital allowances	Fair value of hedges	Fair value of acquired intangible assets	Total deferred tax liability
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2019	-	-	(121)	(184)	(1,391)	(1,696)
Prior year charge	-	-	(6)	-	-	(6)
Income tax credit/ (charge) (note 12)	-	-	(62)	-	442	380
Other comprehensive income tax charge	-	-	-	(58)	-	(58)
<b>At 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>(189)</b>	<b>(242)</b>	<b>(949)</b>	<b>(1,380)</b>

Deferred income tax assets are recognised on tax losses and carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The deferred tax liability on acquired intangible assets relates to the GBUK Group Limited acquisition of trading entities GBUK LTD and GBUK Enteral Limited on 13 November 2015 being £402,000, the acquisition of Intervene Group Limited on 12 September 2016 being £441,000 and the acquisition of R&J Medical Limited on 10 September 2018 being £106,000.

Accelerated capital allowances at 1 July 2019 have been restated from £140,000 to £121,000 following the application of IFRS 16.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 27 Deferred income tax liabilities (continued)

#### Factors affecting current and future tax charges

A change to the UK corporation tax rate to 17.0% that had been substantively enacted at the prior year balance sheet date and its effects included in the prior year financial statements was not introduced.

The UK corporation tax rate remains at 19.0% and the effects included in the prior year have been reversed in the current year.

### 28 Cash generated from operations

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Profit / (Loss) before income tax	11,953	(1,676)	4,884	(1,755)
<i>Adjustments for non-cash items:</i>				
Other comprehensive income	-	-	403	-
Tax adjustments for prior year	8	-	-	-
Depreciation (note 13)	716	-	314	-
Result on disposal of property, plant and equipment (note 13)	-	-	-	-
Amortisation (note 14 & 25)	2,918	203	3,030	156
Deferred tax (note 27)	-	-	-	-
Income tax effect on cashflow hedges	-	-	80	-
Fair value movement on deferred consideration	7	7	(7)	(7)
Finance costs – net (note 11)	1,106	1,033	711	711
<i>Changes in working capital:</i>				
Increase in inventories	(6,394)	-	(3,128)	-
(Increase) / decrease in trade and other receivables	(9,707)	(59)	(466)	125
Increase / (decrease) in trade and other payables	33,149	4,876	500	(2,851)
<b>Cash generated from / (used in) operations</b>	<b>33,756</b>	<b>4,384</b>	<b>6,321</b>	<b>(3,621)</b>



# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 29 Contingencies

The group's debt is secured by fixed and floating charges, cross guaranteed across the group.

At the year end, the group had contracted to purchase a total of £26,965,000 (2019: £23,319,000) forward contracts at various fixed exchange rates. These agreements were entered into to hedge the currency risk of future purchases of medical devices in Euros and US dollars.

### 30 Business combinations

On 10 September 2018, the company acquired 100% of the share capital of R&J Medical Limited and on the 3 June 2019, the company acquired 100% of the share capital of Metis Design B.V. The following table sets out the fair values of the identifiable assets and liabilities acquired.

	2020 £'000	R&J 2019 £'000	Metis 2019 £'000
<b>Net assets acquired</b>			
Intangible assets	-	-	338
Property, plant and equipment	-	2	-
Cash and cash equivalents	-	115	-
Trade and other receivables	-	176	-
Inventories	-	57	-
Trade and other payables	-	(29)	-
Current tax liabilities	-	(75)	-
<b>Net assets identified</b>	-	<b>246</b>	<b>338</b>
Customer relationships	-	400	-
Back orders	-	-	-
Deferred tax liability on intangibles acquired	-	(125)	-
<b>Total identifiable net assets</b>	-	<b>521</b>	<b>338</b>
Goodwill	-	700	-
<b>Total</b>	-	<b>1,221</b>	<b>338</b>
<b>Satisfied by:</b>			
Paid upon completion	-	1,095	338
Deferred consideration (paid within 15 months)	-	126	-
<b>Total</b>	-	<b>1,221</b>	<b>338</b>

Acquisition related costs of £nil (2019: £128,000) have been charged to Exceptional Items in the consolidated income statement for the year ended 30 June 2020.

Based on a fair value review at the reporting date, no fair value adjustments have been made to the net assets acquired or goodwill.

# GBUK Group Limited

## Notes to the consolidated financial statements for the year ended 30 June 2020

### 31 Related party disclosures

The following transactions were carried out with related parties:

#### (a) Purchase of services

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Entity controlled by a director and shareholder of the company	592	-	518	-
Ultimate parent undertaking	257	257	256	256

Services are charged on normal commercial terms and conditions.

#### (b) Year end balances arising from purchasing services

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Payables to related parties	5	-	-	-

#### (c) Key management personnel

Executive directors represent the key management personnel. The compensation paid or payable to key management for employee services is shown below:

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Salaries and other short-term employee benefits	1,931	1,931	860	860
Post-employment benefits	44	44	38	38
<b>Total</b>	<b>1,975</b>	<b>1,975</b>	<b>898</b>	<b>898</b>

#### d) Directors

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Aggregate remuneration	1,931	1,931	860	860
Company contributions to money purchase pension scheme	44	44	38	38
<b>Total</b>	<b>1,975</b>	<b>1,975</b>	<b>898</b>	<b>898</b>

## **GBUK Group Limited**

### **Notes to the consolidated financial statements for the year ended 30 June 2020**

#### **32 Events after the balance sheet date**

On 6 November 2020, the company bought back 6,057,199 preference shares at a total cost of £10,500,881, covering £6,057 of nominal value, £6,051,142 of original share premium, transferred to distributable reserves on 5 April 2019 and £4,443,682 of cumulative dividend. The preference share repurchase was facilitated by a £14,000,000 dividend from GBUK LTD and resulted in an addition to the capital redemption reserve equal to the nominal value of £6,057.

#### **33 Ultimate controlling party**

The company's immediate, ultimate parent undertaking and controlling party is Cooperatief H2 Equity Partners Fund IV Holding W.A..