

**KINETEC MEDICAL  
PRODUCTS UK LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**KINETEC MEDICAL PRODUCTS UK LIMITED**

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**Company Information**

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<b>Directors</b>	R J Donaldson C D Manning M L Spronken
<b>Registered number</b>	09748313
<b>Registered office</b>	16-20 Morris Close Park Farm Industrial Estate Wellingborough Northamptonshire NN8 6XF
<b>Independent auditors</b>	Sayers Butterworth LLP Chartered Accountants & Statutory Auditor 3rd Floor 12 Gough Square London EC4A 3DW

**KINETEC MEDICAL PRODUCTS UK LIMITED**  
Registered number: 09748313

**Balance sheet**  
**As at 31 December 2020**

	Note	2020 £	2019 (as restated) £
<b>Fixed assets</b>			
Tangible assets	4	74,519	29,679
		<u>74,519</u>	<u>29,679</u>
<b>Current assets</b>			
Stocks	5	214,912	144,869
Debtors: amounts falling due within one year	6	130,947	136,375
Cash at bank and in hand		61,386	19,250
		<u>407,245</u>	<u>300,494</u>
Creditors: amounts falling due within one year	7	(395,306)	(267,017)
<b>Net current assets</b>		<u>11,939</u>	<u>33,477</u>
<b>Total assets less current liabilities</b>		<u>86,458</u>	<u>63,156</u>
Creditors: amounts falling due after more than one year	8	(281,545)	(250,598)
<b>Provisions for liabilities</b>			
Deferred tax	9	(12,946)	(5,402)
Other provisions	10	(18,800)	(35,598)
		<u>(31,746)</u>	<u>(41,000)</u>
<b>Net liabilities</b>		<u>(226,833)</u>	<u>(228,442)</u>
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Share premium account		9,990	9,990
Other reserves		17,329	18,706
Profit and loss account		(254,252)	(257,238)
		<u>(226,833)</u>	<u>(228,442)</u>

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**KINETEC MEDICAL PRODUCTS UK LIMITED**  
**Registered number: 09748313**

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**Balance sheet (continued)**  
**As at 31 December 2020**

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The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The Company has opted not to file the Profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2021.

**R J Donaldson**

Director

The notes on pages 3 to 12 form part of these financial statements.

**Notes to the financial statements**  
**For the Year Ended 31 December 2020**

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**1. General information**

Kinetec Medical Products UK Limited is a private limited company incorporated in the United Kingdom and registered in England and Wales, registration number 09748313. The company's registered office address is 16-20 Morris Close, Park Farm Industrial Estate, Wellingborough, Northamptonshire, NN8 6XF.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

**2.2 Going concern**

The financial statements have been prepared on a going concern basis. The parent company, Medfac BVBA, has confirmed in writing to the Directors that it will continue to provide the necessary financial support to enable it to meet its liabilities and commitments as they fall due, and will not seek repayment of any amounts owed to it by the company, for at least the next twelve months from the date of approval of these financial statements.

**2.3 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rental income**

Turnover from rents receivable in relation to the hire of equipment is recognised on an accruals basis. Rents are recognised on a straight line basis over the term of the contract, excluding VAT.

**Notes to the financial statements**  
**For the Year Ended 31 December 2020**

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**2. Accounting policies (continued)**

**2.4 Intercompany sales and recharges**

Intercompany sales and recharges includes revenue recognised by the company in respect of goods supplied during the year, exclusive of Value Added Tax and expenses recharged to subsidiaries, such expenses include website costs, printing and salary recharges.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Leasehold improvements - over the life of the lease

Plant and machinery - 15% straight line

Fixtures and fittings - 15% straight line

Computer equipment - 25% straight line

**2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.7 Debtors**

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

**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.9 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**Notes to the financial statements**  
**For the Year Ended 31 December 2020**

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**2. Accounting policies (continued)**

**2.9 Financial instruments (continued)**

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

**2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.11 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

**Notes to the financial statements**  
**For the Year Ended 31 December 2020**

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**2. Accounting policies (continued)**

**2.12 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.13 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.14 Operating leases: the Company as lessee**

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

**2.15 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.16 Interest income**

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



**Notes to the financial statements**  
**For the Year Ended 31 December 2020**

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**2. Accounting policies (continued)**

**2.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**2.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**3. Employees**

The average monthly number of employees, including directors, during the year was 9 (2019 - 8).

KINETEC MEDICAL PRODUCTS UK LIMITED

Notes to the financial statements  
For the Year Ended 31 December 2020

4. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	9,125	41,332	3,645	3,324	57,426
Additions	51,148	-	2,298	-	53,446
At 31 December 2020	60,273	41,332	5,943	3,324	110,872
<b>Depreciation</b>					
At 1 January 2020	7,231	15,032	2,160	3,324	27,747
Charge for the year	1,894	6,165	547	-	8,606
At 31 December 2020	9,125	21,197	2,707	3,324	36,353
<b>Net book value</b>					
At 31 December 2020	51,148	20,135	3,236	-	74,519
<b>At 31 December 2019</b>	1,894	26,300	1,485	-	29,679

5. Stocks

	2020 £	2019 £
Finished goods	214,912	144,869
	<u>214,912</u>	<u>144,869</u>

KINETEC MEDICAL PRODUCTS UK LIMITED

Notes to the financial statements  
For the Year Ended 31 December 2020

6. Debtors

	2020 £	2019 £
Trade debtors	100,847	81,908
Amounts owed by group undertakings	19,701	38,407
Called up share capital not paid	90	90
Prepayments and accrued income	10,309	15,970
	<u>130,947</u>	<u>136,375</u>

7. Creditors: Amounts falling due within one year

	2020 £	2019 (as restated) £
Trade creditors	32,830	38,490
Amounts owed to group undertakings	124,124	61,200
Other taxation and social security	63,372	35,070
Other creditors	64,626	83,133
Accruals and deferred income	110,354	49,124
	<u>395,306</u>	<u>267,017</u>

Other taxation and social security includes VAT payable of £54,905 (2019: £27,005) with the year-on-year increase mainly due to the UK Government's deferred VAT scheme, with deferred amounts for Quarter 1 repaid in installments as agreed in a payment plan with HMRC.

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

	2020 £	2019 (as restated) £
Amounts owed to group undertakings	281,545	250,598
	<u>281,545</u>	<u>250,598</u>

KINETEC MEDICAL PRODUCTS UK LIMITED

Notes to the financial statements  
For the Year Ended 31 December 2020

9. Deferred taxation

	2020 £
At beginning of year	(5,402)
Charged to profit or loss	(7,544)
<b>At end of year</b>	<b>(12,946)</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(12,946)	(5,402)
	<b>(12,946)</b>	<b>(5,402)</b>

10. Provisions

	Dilapidations £
At 1 January 2020	35,598
Charged to profit or loss	(16,798)
<b>At 31 December 2020</b>	<b>18,800</b>

11. Commitments under operating leases

At 31 December 2020, the company had future minimum lease payments under non-cancellable operating leases amounting to £32 (2019: £29,682).

12. Share capital

	2020 £	2019 £
<b>Authorised, allotted, called up and fully paid</b>		
100 (2019 - 100) Ordinary shares of £1.00 each	<b>100</b>	<b>100</b>

**Notes to the financial statements**  
**For the Year Ended 31 December 2020**

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**13. Prior year adjustment**

The prior year figures have been restated to account for a related party loan received at a non-commercial rate of interest under amortised cost and to better reflect the terms of the loan.

Creditors due within one year have decreased by £76,133 and creditors due in more than one year have increased by £87,482.

The equity component on initial recognition of the below market rate loan was calculated as £26,708 of which £8,002 was subsequently transferred to the Profit and loss reserve to match the unwinding discount. The Other reserves balance at 31 December 2019 is £18,706.

The effect on the Profit and loss account for the year ended 31 December 2019 was a net increase in the loss after tax of £7,110.

**14. Contingent asset**

Since the year end, the corporation tax return relating to the year ended 31 December 2019 has been resubmitted to HMRC to include a Research and Development tax credit claim, resulting in a corporation tax repayment of £61,049.

**15. Related party transactions**

At 31st December 2020 the Company owed a director £61,100 (2019: £77,000), this loan is interest free and repayable on demand.

During the year ended 31 December 2019 the Company received a loan of €375,000 at an interest rate of 2.79% p.a from it's parent company, Medfac BVBA. As at 31 December 2020, the discounted present value of the loan was £212,375 (2019: £250,598) and interest accrued of £14,444 (2019: £7,085). During the year, repayments were made by Kinetec Medical Products UK of £61,390 (2019: £51,071). The loan is repayable by 28 February 2022.

During the year ended 31 December 2020, the Company received a further loan of €85,000 at an interest rate of 2.79% p.a from it's parent company, Medfac BVBA. As at 31 December 2020, the discounted present value of the loan was £69,170 and interest accrued of £494. The loan is repayable by 6 October 2023.

**16. Controlling party**

The parent undertaking of the smallest group of which Kinetec Medical Products UK Limited is a member is Medfac BVBA. Their registered office is Kattevennen 8, 3600 Genk, Belgium.

**Notes to the financial statements**  
**For the Year Ended 31 December 2020**

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**17. Auditors' information**

The auditors' report on the financial statements for the year ended 31 December 2020 was unqualified.

In their report, the auditors emphasised the following matter without qualifying their report:

We draw attention to note 2.2 in the financial statements, which indicates that the accounts have been prepared on a going concern basis despite there being an excess of liabilities over assets. As stated in note 2.2, the parent undertaking has stated that it will provide any necessary financial support and funding required in order to enable the company to meet its liabilities and commitments as they fall due for at least the next twelve months. However the ability of the parent to provide this support is uncertain and without this support there exists a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on 21 December 2021 by Martin Dunne (Senior statutory auditor) on behalf of Sayers Butterworth LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.