

Registration number: 10893066

HMC Medical UK Limited

Annual Report and Financial Statements
for the Period ended 31 December 2022



HMC Medical UK Limited

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HMC Medical UK Limited

Directors and Advisors

Directors	Mr A Bisi Mrs T J Macdonald
Registered office	Units 2-4 Rivington View Business Park Station Road Blackrod Bolton Lancashire BL6 5BN
Solicitors	Taylor's Solicitors Ninth Floor 80 Mosley Street Manchester M2 3FX
Bankers	The Royal Bank of Scotland PO Box 320 St Ann Street Manchester M60 2SS
Auditors	Xeinadin Audit Limited Statutory Auditor Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD

HMC Medical UK Limited

Strategic Report for the Period ended 31 December 2022

Principal activities and future developments

HMC Medical UK Limited is a member of the HMC Premedical S.p.A. group of companies. The principal activity of Medicina Holdings Ltd ("the company") and its subsidiary undertakings as detailed on page 4 ("the group") is the development and distribution of specialist medical devices. The group's strategy is to provide high quality products at cost effective prices. As such, the group maintains a strict focus on profit margins and continuous product development in order to deliver value to its customers.

The group has operations in the UK (Medicina Limited) and Hong Kong (Medicina Pacific Limited) as well as a network of distributors, which service its international customer base.

Business review

Turnover for the twelve months to 31 December 2022 increased to £8.7m (12 months to 31 December 2021: £6.5m). Export sales during the period represented 33% of turnover (12 months to 31 December 2020: 51%). This was due to strong sales growth within the UK during 2022.

The medical device sector continues to be challenging due to pressure on healthcare budgets and the increased cost of regulatory compliance, but sales growth prospects within the UK and the rest of the world remain strong.

Product development, strategic partnerships and entry into new markets will result in future sales growth in both domestic and international markets.

Significant events during the period

On 6th May 2022, HMC Premedical S.p.A. received investment from Credem Private Equity's fund portfolio of over €10 million, for a significant minority stake in HMC Premedical S.p.A. This investment will support and accelerate the growth and expansion of the HMC Group.

On 9 September 2022 Medicina France SARL (a debtor of Medicina Limited) commenced liquidation proceedings. Medicina Holdings Limited, owns a minority shareholding in Medicina France SARL following its divestment from the group in 2018. All debts owed by Medicina France to members of the group have been provided for as bad debts and were valued at £0 at the balance sheet date.

On 31 October 2022 Medicina Limited, achieved UKCA certification.

Significant events after the period end

On 26 January 2023 HMC Premedical S.p.A. purchased 100% of the equity of Dimar S.p.A., a leading company in the field of non-invasive ventilation. As part of the transaction the ownership of HMC Premedical S.p.A was restructured. A new intermediary holding company, Ideca S.p.A. was formed and this is now the majority shareholder of HMC Premedical S.p.A. with the ultimate beneficial owners of Ideca S.p.A. being Luan S.r.L. and Medi S.r.L.

Key performance indicators

The group's key financial and other performance indicators during the period were profit margin, cashflow and stock levels.

	12 months to 31 December 2022	12 months to 31 December 2021
Earnings before interest and amortisation (before exceptional items)	2.2%	(15.2%)
Profit/(Loss) before tax %	0.8%	11.7%
Cash at bank and in hand	49,834	4,595
Stock	2,430,266	2,013,388

HMC Medical UK Limited
Strategic Report for the Period ended 31 December 2022
(Continued)

In the prior period (2021), the Operating Profit included extraordinary income in the accounts of £1,843,000.

This related to the sale of distribution rights for enteral feeding devices in Europe to HMC Premedical S.p.A.

The Directors are confident that the strategy to increase sales in the UK and the rest of the world, and to continue to introduce new products into the market will result in improved margins moving forward.

Review of carrying value of investments and goodwill

The carrying value of the investment in Medicina Holdings Limited is £209,473. Goodwill arising on the acquisition of Medicina Holdings Limited totalled £1,301,442. Based on the discounted cash flow forecast and impairment review carried out for the group, the Directors consider that no impairment of the investment or goodwill is required.

Goodwill will be amortised over a 10-year period, subject to an ongoing review of potential impairment.

Principal risks and uncertainties

A key risk to the group is the ongoing economic uncertainty resulting from the war in Ukraine.

Price erosion in the company's primary market, resulting from cost reduction targets throughout the healthcare system, continues to represent a risk to the business.

The increased regulatory burden for medical devices including the European Union Medical Device Regulation, represents an increasing risk to sales through delays to new product introduction. The Directors are satisfied that this risk is mitigated through investment in the quality function to support these requirements. The Medical Device Regulation transition period for the class of devices supplied by Medicina has been extended to December 2028.

Foreign currency exchange risk is a significant consideration for the business. Wherever possible the company offsets foreign currency purchases against foreign currency sales. However, the Directors recognise that the company is exposed to reduced margins if sterling weakens against the US dollar and Euro.

Financial Instruments

Objectives and policies

The objectives of the group's financial risk management policy are to ensure that the group has sufficient funds to meet its operating aims and to protect profit margins. This is primarily achieved through the maintenance of a wide base of high value clients who represent a low credit risk.

The group did not utilise exchange traded derivatives or over-the-counter derivatives during the period, but it does regularly review its policy with respect to foreign exchange instruments given the international nature of its operations and customer base.

HMC Medical UK Limited

**Strategic Report for the Period ended 31 December 2022
(Continued)**

Price risk, credit risk, liquidity risk and cash flow risk

The group manages price risk by maintaining a strict focus on profit margins. Credit risk is managed through a wide base of high value customers. Liquidity risk and cash flow risk is managed by proactive credit account management. The group has also secured additional financing to support its working capital requirements. In addition, the group has implemented effective stock holding policies to reduce the risk of excess working capital being tied up in inventory.

Approved by the Board on 8th June 2023

and signed on its behalf by:



.....
Mrs T Macdonald
Director

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HMC Medical UK Limited

Group Director's Report for the Period ended 31 December 2022

The Directors present their report and the financial statements for the period ended 31 December 2022.

Directors of the company

The Directors who held office during the period were as follows:

Mr A Bisi
Mr G Bisi ⁽¹⁾
Mrs T J Macdonald
Mr G Masia ⁽¹⁾

(1) Resigned 14 September 2022

Principal activity

The principal activity of the company is that of a holding company. At the year end the Company owned 100% of the shares in the following subsidiary undertakings:

Medicina Holdings Limited, UK

The principal activity of the group is the development and distribution of specialist medical equipment.

Principal risks and uncertainties and financial instruments

Information regarding principal risks and uncertainties, financial instruments and the group's policy with respect to the management of risk is provided in the Strategic Report on pages 2-4.

Future development of the group

The group's focus continues to be on the growth of international sales. In particular, through the introduction of new products in new overseas territories.

Significant events during the period

On 6th May 2022, HMC Premedical S.p.A. received investment from Credem Private Equity's fund portfolio of over €10 million, for a significant minority stake in HMC Premedical S.p.A. This investment will support and accelerate the growth and expansion of the HMC Group.

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On 31 October 2022 Medicina Limited achieved UKCA certification.

Significant events after the period end

On 26 January 2023 HMC Premedical S.p.A. purchased 100% of the equity of Dimar S.p.A., a leading company in the field of non-invasive ventilation, further expanding the portfolio of the group. As part of the transaction the group was restructured. A new intermediary holding company, Ideca S.p.A. was formed and this is now the majority shareholder of HMC Premedical S.p.A. with the ultimate beneficial owners of Ideca S.p.A. being Luan S.r.L. and Medi S.r.L.

HMC Medical UK Limited

Group Director's Report for the Period ended 31 December 2022 (Continued)

Review of carrying value of investments and goodwill

The carrying value of the investment in Medicina Holdings Limited is £209,473. Goodwill arising on the acquisition of Medicina Holdings Limited totals £1,301,442. Based on the discounted cash flow forecast and impairment review carried out for the group, the Directors consider that no impairment of the investment or goodwill is required. Goodwill will be amortised over a 10-year period, subject to an ongoing review of potential impairment.

Going concern

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 2 to 4.

The group is satisfied that sufficient funds will be available to the business to support its working capital requirements for the foreseeable future.

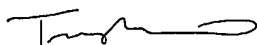
Disclosure of information to the auditor

The directors have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Re-appointment of auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Xeinadin Audit Limited as auditor of the group.

Approved by the Board on 8th June 2023 and signed on its behalf by:



.....
Mrs T Macdonald
Director

HMC Medical UK Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the company's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

HMC Medical UK Limited

Independent Auditor's Report to the Members of the Company

Opinion

We have audited the financial statements of HMC Medical UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of total comprehensive income, the consolidated and parent statement of financial position, the consolidated and parent statement of changes in equity, the consolidated statement of cash flows and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, 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 31 December 2022 and of the group's profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – Going concern

In forming our opinion on the group's financial statements, which is not modified, we note that the financial statements are prepared on a going concern basis which is dependent on the continued financial support of the parent company as detailed in note 2 and the director's report.

Conclusions relating to going concern

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

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

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

Other information

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

HMC Medical UK Limited

Independent Auditor's Report to the Members of the Company (Continued)

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

HMC Medical UK Limited

Independent Auditor's Report to the Members of the Company (Continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the medical supply sector
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental, health and safety legislation and requirements of the MHRA;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including MHRA, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

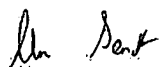
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

HMC Medical UK Limited
Independent Auditor's Report to the Members of the Company
(Continued)

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

Use of this report

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



.....
Anna Bennett (Senior Statutory Auditor)
for and on behalf of Xeinadin Audit Limited
Chartered Accountants
Statutory Auditor

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date: 8th June 2023

HMC Medical UK Limited

Consolidated Statement of Total Comprehensive Income for the Period ended 31 December 2022

	Note	<i>12 months to December 2022</i>	<i>12 months to December 2021</i>
Turnover	5	8,709,714	6,486,545
Other income	6	19,000	45,484
Cost of sales		(6,447,145)	(5,487,954)
Gross Profit		2,281,569	1,044,075
Administrative expenses		(2,089,997)	(2,029,393)
Operating profit/(loss) before exceptional items	6	191,573	(985,318)
Exceptional items	7	-	1,843,000
Operating profit/(loss) after exceptional items		191,573	857,682
Interest receivable and similar income	11	30	3
Interest payable and similar charges	12	(117,879)	(97,897)
Profit/(loss) on ordinary activities before taxation		73,724	759,788
Tax on loss/(profit) on ordinary activities	13	(779,768)	146,969
Profit/(loss) for the financial year		(706,045)	906,757
Other comprehensive income			
Foreign currency translation differences		(1,097)	(3,281)
Total comprehensive income		(707,142)	903,476
Profit/(loss) for the financial period attributable to:			
Owners of the parent		(706,045)	906,757
Non-controlling interests		-	-
Total comprehensive income for the period attributable to:			
Owners of the parent		(707,142)	903,476
Non-controlling interests		-	-

Turnover and operating profit derive wholly from continuing operations.

The notes on pages 18 to 37 form an integral part of these financial statements.

HMC Medical UK Limited

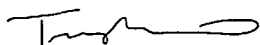
Consolidated Statement of Financial Position at 31 December 2022

	Note	12 months to December 2022 £	12 months to December 2021 £
Fixed assets			
Intangible assets	14,17	655,531	785,675
Tangible assets	15	48,558	82,159
		704,089	867,834
Current assets			
Stocks	18	2,430,266	2,013,388
Debtors	19	2,100,219	2,061,637
Cash at bank and in hand		49,834	4,595
		4,580,319	4,079,620
Assets falling due after more than one year			
Deferred tax	20	442,628	1,222,396
Total assets		5,727,036	6,169,850
Creditors: Amounts falling due within one year	21	(3,047,077)	(2,533,971)
Net current assets		1,533,242	1,545,649
Total assets less current liabilities		2,679,959	3,635,879
Creditors: Amounts falling due after more than one year	22	(3,113,977)	(3,362,756)
Provision for liabilities	23	-	-
Net assets/(liabilities)		(434,018)	273,123
Capital assets and reserves			
Called up share capital	25	500,077	500,077
Foreign exchange translation reserve		(4,914)	(3,817)
Profit and loss account		(929,181)	(223,137)
		(434,018)	273,123
Non-controlling interests		-	-
		(434,018)	273,123

Approved and authorised for issue by the Board on
by:

8th June 2023

and signed on its behalf



Mrs T Macdonald
Director

The notes on pages 18 to 37 form an integral part of these financial statements.

HMC Medical UK Limited

(Registration number: 10893066)

Company Statement of Financial Position at 31 December 2022

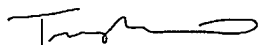
	Note	12 months to December 2022 £	12 months to December 2021 £
Fixed assets			
Investments	16	209,473	209,473
		209,473	209,473
Current assets			
Debtors falling due within one year	19	250,635	242,250
Cash at bank and in hand		229	264
		250,864	242,514
Debtors: Amounts falling due after one year	20	3,431,938	3,669,979
Total Assets		3,892,275	4,121,965
Creditors: Amounts falling due within one year	21	(394,746)	(342,694)
Net current liabilities		(143,882)	(100,181)
Total assets less current liabilities		3,497,528	3,779,271
Creditors: Amounts falling due after more than one year	22	(3,113,977)	(3,362,756)
Net assets		383,552	416,515
Capital assets and reserves			
Called up share capital	25	500,077	500,077
Profit and loss account		(116,525)	(83,562)
Shareholder's funds		383,552	416,515

The loss for the period for the Company was £32,963.

The Company has relied upon the exemption conferred by s408 Companies Act 2006.

Approved and authorised for issue by the Board on 8th June 2023
behalf by:

and signed on its



.....
Mrs T Macdonald
Director

The notes on pages 18 to 37 form an integral part of these financial statements.

HMC Medical UK Limited
Consolidated Statement of Changes in Equity for the Period ended 31 December 2022

	Called Up Share Capital	Share Premium Account	Foreign exchange translation reserve	Profit & Loss Account	Non- controlling interests	Total
	£	£	£	£	£	£
At 31 December 2020	500,077	-	(536)	(1,129,895)	-	(630,354)
Loss for the year	-	-	-	906,757	-	906,757
Other comprehensive income						
<i>Foreign exchange translation reserve</i>	-	-	(3,281)	-	-	(3,281)
Total comprehensive income for the year	-	-	(3,281)	906,757	-	903,476
Issue of shares	-	-	-	-	-	-
Non-controlling interests arising on business combination	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
At 31 December 2021	500,077	-	(3,817)	(223,137)	-	273,123
Loss for the year	-	-	-	(706,045)	-	(706,045)
Other comprehensive income						
<i>Foreign exchange translation reserve</i>	-	-	(1,097)	-	-	(1,097)
Total comprehensive income for the year	-	-	(1,097)	(706,045)	-	(707,142)
Issue of shares	-	-	-	-	-	-
Non-controlling interests arising on business combination	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
At 31 December 2022	500,077	-	(4,914)	(929,181)	-	(434,018)

The notes on pages 18 to 37 form an integral part of these financial statements.

HMC Medical UK Limited

Company Statement of Changes in Equity for the Period ended 31 December 2022

<i>Company</i>	Called Up Share Capital £	Share Premium Account £	Profit & Loss Account £	Total £
At 31 December 2020	500,077	-	(64,674)	435,403
Loss for the period	-	-	(18,888)	(18,888)
Other comprehensive income				
<i>Foreign exchange translation reserve</i>	-	-	-	-
Total comprehensive income for the year	-	-	(18,888)	(18,888)
Issue of shares	-	-	-	-
Dividends paid	-	-	-	-
At 31 December 2021	500,077	-	(83,562)	416,515
Loss for the period	-	-	(32,963)	(32,963)
Other comprehensive income				
<i>Foreign exchange translation reserve</i>	-	-	-	-
Total comprehensive income for the year	-	-	(32,963)	(32,963)
Issue of shares	-	-	-	-
Dividends paid	-	-	-	-
At 31 December 2022	500,077	-	(116,525)	383,552

The notes on pages 18 to 37 form an integral part of these financial statements.

HMC Medical UK Limited

Consolidated Statement of Cash Flows for the Period ended 31 December 2022

	12 months to 31 December 2022 £	12 months to 31 December 2021 £
Cash flows from operating activities		
Profit/(Loss) for the period	(706,044)	906,757
Adjustments for:		
Amortisation of intangible assets	130,144	130,144
Depreciation of tangible assets	47,237	50,934
(Profit)/loss on sale of tangible assets	-	-
Interest paid	117,879	97,897
Interest received	(30)	(3)
Taxation	779,768	(146,969)
Exceptional credit arising from restructuring	-	-
Decrease/(increase) in stocks	(233,508)	(182,024)
Decrease/(increase) in debtors	(222,186)	13,172
Increase/(decrease) in creditors	816,208	(603,248)
Cash from operations	729,468	266,660
Income taxes paid	-	-
Net cash outflow generated from operating activities	729,468	266,660
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	-	-
Purchase of Medicina Holdings Limited Loan Notes	-	-
Divestment of subsidiary, net of cash divested	-	-
Purchases of tangible assets	(13,636)	(15,482)
Proceeds from sale of tangible assets	-	-
Interest received	30	3
Net cash outflow from investing activities	(13,606)	(15,479)
Cash flows from financing activities		
Issue of share capital	-	-
Increase/(decrease) in overdraft facility	(337,205)	(38,104)
Interest paid	(79,688)	(70,018)
Net working capital loan from parent company	(243,414)	359,768
Repayment of loan note obligations	-	(600,000)
Repayment of finance lease obligations	-	-
Net cash flow from financing activities	(660,307)	(348,354)
Net increase/(decrease) in cash and cash equivalents	55,555	(97,173)
Foreign exchange translation adjustment	(10,316)	(10,203)
Cash and cash equivalents at the beginning of the period	4,595	111,971
Cash and cash equivalents at the end of the period	49,834	4,595

The notes on pages 18 to 37 form an integral part of these financial statements.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022

1 Company Information

HMC Medical UK Limited is a private limited company, incorporated in England and Wales with its registered office at Units 2-4, Rivington View Business Park, Station Road, Blackrod, Bolton, BL6 5BN.

2 Basis of preparation

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard FRS 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102")" and with the Companies Act 2006. The financial statements have been prepared under the historical cost accounting rules.

The financial statements are presented in Sterling (£).

Basis of consolidation

The group financial statements consolidate the financial statements of HMC Medical UK Limited and all its subsidiary undertakings drawn up to 31 December each year.

Subsidiary undertakings are included using the purchase method of accounting. Under this method the group profit and loss account and statement of cash flows include the results and cash flows of subsidiaries from the date of acquisition and to the date of sale outside the group, in the case of disposals of subsidiaries.

The purchase consideration has been allocated to assets and liabilities on the basis of fair value at the date of acquisition.

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's loss for the twelve months to 31 December 2021 was £32,963.

The individual accounts of HMC Medical UK Limited have also adopted the following disclosure exemptions:

1. the requirement to present a statement of cash flows and related notes
2. financial instrument disclosures, including:
 - a. categories of financial instruments,
 - b. items of income, expenses, gains or losses relating to financial instruments, and
 - c. exposure to and management of financial risks.

Going concern

The financial statements have been prepared on a going concern basis.

HMC Premedical S.p.A advanced working capital loans totalling £4.2m to HMC Medical UK Limited Prior to 31st December 2022. HMC Premedical S.p.A. has confirmed that it will continue to provide working capital support to the group during the next twelve months. The directors are satisfied that sufficient funds will be available to the business to support its working capital requirements for the foreseeable future.

3 Significant judgements and estimates

Preparation of the financial accounts requires the Directors to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

Stock

Stock is valued at the lower of cost and net realisable value. In determining the net realisable value, the Directors have to make certain assumptions about the realisable value of stock when it is nearing the end of its shelf-life, or when stock is slow moving and may become redundant due to regulatory changes. The management uses its knowledge of the market, past discounts and upcoming regulatory changes to arrive at a judgement of the net realisable value such items.

The carrying value of stock and goods in transit at the end of the period was £2,430,266 (31 December 2021: £2,013,388). Provisions for the difference between cost and net realisable stock value at the end of the period, included in the value of stock totalled £212,998 (31 December 2021: £208,769).

Tangible fixed assets

Under certain circumstances the estimated useful life of an asset may differ from the estimated useful economic life of the asset class to which it belongs. This may be the case where a new regulatory standard is introduced. The cost to purchase the equivalent asset may be higher than the carrying value of the asset, but its useful economic life is reduced. Where this is the case the management must make assumptions about the useful life of those assets based on its understanding of when the new standards will take effect and be fully implemented across all affected markets.

The carrying value of plant and machinery with a lower estimated useful economic life at the end of the period was £0.

Goodwill and investments in subsidiaries.

Goodwill arising on the acquisition of Medicina Holdings Limited is £1,301,290. This is amortised over 10 years.

The carrying value of the investment in Medicina Holdings Limited is £209,473. This is capitalised and classified as an asset on the balance sheet of the company. It is reviewed for impairment at the end of the first financial period and annually thereafter.

Based on the discounted cash flow forecast and impairment review carried out for the group, the Directors consider that no impairment of the investment or goodwill is required for the period ended 31 December 2022.

4 Principal accounting policies

Exceptional items

The group considers exceptional items to be those which derive from events or transactions which are significant for separate disclosure by virtue of their size or incidence in order for the user to obtain a proper understanding of the group's performance.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investments in associates

Investments in associates are recognised initially in the consolidated statement of financial position at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the associate, less any impairment.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate.

Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

Investments in associates are accounted for at cost less impairment in the individual financial statements.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life, not exceeding 10 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

- Software development costs 5 years
- Goodwill 10 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are detailed below:

Asset class	Depreciation method and rate
Plant and Machinery	20% per annum
Motor Vehicles	20% per annum
Office Equipment	20% per annum
Leasehold Improvements	Over the life of the lease
Plant and Machinery under Construction	Not depreciated

Plant and machinery under construction is not yet commissioned. Assets will be re-classified as Plant and Machinery and depreciated at 20% per annum following commission.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments

Investments comprise investments in unquoted equity instruments which are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using a valuation technique.

During the period, and during the previous period the group had no investments other than investments in subsidiaries.

Stocks

Stock are stated at the lower of cost, using the first in first out method, and selling price less costs to complete and sell.

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.

Creditors

Short term trade 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.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

Leases

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Derivative financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative. During the period, and during the preceding period the group held no derivative financial instruments.

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Turnover

Turnover represents net invoiced sale of goods, excluding value added tax. Income is recognised at the point when goods are dispatched from the warehouse or available for collection from the warehouse if the customer is responsible for collection. A provision for retrospective discounts is made when turnover is recognised.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Foreign currency translation

Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

Research and development

Research and development expenditure is written off as incurred.

5 Turnover

An analysis of turnover by geographical location is given below:

	12 months to 31 December 2022 £	12 months to 31 December 2021 £
Sales – United Kingdom	5,797,977	3,208,955
Sales – Europe	810,421	1,383,941
Sales – Rest of World	2,101,316	1,893,649
	8,709,714	6,486,545

6 Operating Profit

Operating profit is stated after charging:

	12 months to 31 December 2022 £	12 months to 31 December 2021 £
Impairment of Employee Benefit Trust assets	-	-
Operating leases – other assets	32,500	32,267
Auditor's remuneration	36,850	36,075
Foreign currency (gains)/losses	52,390	12,562
Other income	(19,000)	(45,484)
Exceptional (income)/expenditure (See note 7 below)	-	(1,843,000)
Amortisation of goodwill	130,144	130,144
Depreciation of owned assets	47,237	50,934

Other income of £19,000 related to the sublet of unused office space.

7 Exceptional items

During the current period, HMC Premedical S.p.A purchased the distribution rights for enteral feeding devices in Europe, which resulted in an extraordinary income in the accounts of £1,843,000.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

8 Auditors remuneration

	<i>12 months to 31 December 2022</i>	<i>12 months to 31 December 2021</i>
	£	£
Audit of the financial statements	36,850	36,075
Other services	-	-
	36,850	36,075

Audit of the financial statements £3,550 of the fee for auditing the financial statements relates to the company.

9 Particulars of employees

The average number of persons employed by the group (including the Directors) during the period, analysed by category was as follows:

	<i>12 months to 31 December 2022</i>	<i>12 months to 31 December 2021</i>
Administration and support	11	10
Production	6	8
Sales	6	6
	23	24

The aggregate payroll costs were as follows (including director's benefits in kind):

	<i>12 months to 31 December 2022</i>	<i>12 months to 31 December 2021</i>
	£	£
Wages and salaries	836,977	788,796
Social security costs	93,441	84,393
Staff pensions	60,445	60,826
	990,863	934,015

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £60,445 (12 months to 31 December 2021: £60,826).

10 Directors' remuneration

The Directors' remuneration for the period was as follows:

	<i>12 months to 31 December 2022</i>	<i>12 months to 31 December 2021</i>
	£	£
Remuneration	108,062	106,993
Company contributions paid to money purchase schemes	7,640	7,600
	115,702	114,593

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

During the period the number of directors who were receiving benefits and share incentives was as follows:

	12 months to 31 December 2022	12 months to 31 December 2021
	£	£
Accruing benefits under money purchase pension schemes	1	1

11 Interest receivable and similar income

	12 months to 31 December 2022	12 months to 31 December 2021
	£	£
Bank interest receivable	30	3
	30	3

12 Interest payable and similar charges

	12 months to 31 December 2022	12 months to 31 December 2021
	£	£
Interest on bank borrowings	42,832	27,508
Other interest payable	75,046	70,388
Finance charges	1	1
	117,879	97,897

13 Taxation

Tax on profit on ordinary activities for the Group

	Group 12 months to 31 December 2022	Group 12 months to 31 December 2021
	£	£
Current tax		
UK corporation tax charge	-	-
Prior year adjustment	-	-
Current tax	-	-
Deferred tax	779,768	(146,969)
Tax (credit)/charge on profit on ordinary activities	779,768	(146,969)

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

Factors affecting current tax charge for the period

Tax on profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

	Group 12 months to 31 December 2022 £	Group 12 months to 31 December 2021 £
(Loss)/profit on ordinary activities before taxation	73,724	759,789
Theoretical tax charge at UK corporation tax rate 19%	14,007	144,360
Exceptional Income taxable		(23,195)
Rounding	(1)	1
Fixed asset capital allowances	(778)	309
Prior year adjustment	(51)	(171)
Adjustment to deferred tax at average rate	187,145	(349,721)
Movement in deferred tax not recognised	(178,427)	56,345
Amortisation of goodwill not allowable	24,728	24,727
Expenses not deductible for tax purposes	970	377
Exceptional Income subject to tax	732,175	-
	779,768	(146,969)

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £0.

Factors affecting the future tax charge

The group has unutilised tax losses brought forward, which have reduced the current period tax charge in Medicina Holdings, following the receipt of dividend income.

Tax on profit on ordinary activities for the Company

	Group 12 months to 31 December 2022 £	Group 12 months to 31 December 2021 £
Current tax		
UK corporation tax charge	-	-
Prior year adjustment	-	-
Current tax	-	-
Deferred tax	(10,738)	(12,652)
Tax (credit)/charge on profit on ordinary activities	(10,738)	(12,652)

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

Factors affecting current tax charge for the period

Tax on profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

	<i>Company 12 months to 31 December 2022 £</i>	<i>Company 12 months to 31 December 2021 £</i>
(Loss)/profit on ordinary activities before taxation	(43,701)	(31,540)
Theoretical tax charge at UK corporation tax rate 19%	(8,303)	(5,993)
Expenses not allowed for tax purposes	143	-
Roundings	(1)	1
Adjustment to deferred tax at average rate	-2,577	(6,677)
Adjustment to Brought Forward values	-	17
	(10,738)	(12,652)

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £0.

Factors affecting the future tax charge

The company has unutilised tax losses carried forward which will reduce future tax charges as profits are earned.

14 Intangible fixed assets

	Goodwill £
Cost	
At 31 December 2021	1,301,442
Additions during the period	-
At 31 December 2022	1,301,442
Amortisation	
At 31 December 2021	(515,767)
Charge for the period	(130,144)
At 31 December 2022	(645,911)
Net book value at 31 December 2022	655,531
At 31 December 2021	785,675

Amortisation of intangible fixed assets is included in administrative expenses.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022
(Continued)

15 Tangible fixed assets

Group	Tenants improvements £	Plant & machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 January 2022	304,930	902,696	-	193,154	1,400,780
Additions	-	269	-	13,367	13,636
Disposals	-	-	-	-	-
At 31 December 2022	304,930	902,965	-	206,522	1,414,417
Depreciation					
At 1 January 2022	(262,597)	(875,709)	-	(180,315)	(1,318,621)
Charge for the year	(27,212)	(15,614)	-	(4,411)	(47,237)
Eliminated on disposal	-	-	-	-	-
At 31 December 2022	(289,809)	(891,323)	-	(184,726)	(1,365,858)
Net book value					
At 31 December 2022	15,121	11,642	-	21,796	48,559
At 1 January 2022	42,333	26,987	-	12,839	82,159

Included in the net book value of tangible assets is £0 (31 December 2021: £0.) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £0 (12 months to 31 December 2021: £0).

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

16 Investments held as fixed assets

The company held the following investments as fixed assets as at 31 December 2022:

	31 December 2022 £	31 December 2021 £
Shares in group undertakings and participating interests	209,473	209,473
Shares in group undertakings and participating interests		
	Investment £	Total £
Cost		
At 1 January 2022	209,473	209,473
Acquisition of subsidiary in period	-	-
At 31 December 2022	209,473	209,473
Impairment		
At 1 January 2022	-	-
Impairment of investment in period	-	-
At 31 December 2022	-	-
Net book value		
At 1 January 2022	209,473	209,473
At 31 December 2022	209,473	209,473

Details of shares in group undertakings and participating interests as at 31 December 2022

Undertaking and registered office	Holding	Proportion of voting rights and shares held	Principal activity
Medicina Holdings Limited, Unit 2, Rivington View Business Park, Station Road, Blackrod, Bolton, BL6 5BN	Ordinary Shares	100%	Development and sale of specialist medical equipment

Details of the subsidiary undertakings of Medicina Holdings Limited

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Medicina Limited, Unit 2, Rivington View Business Park, Station Road, Blackrod, Bolton, BL6 5BN	Ordinary Shares	100%	Development and sale of specialist medical equipment
Medicina Pacific Limited, Room A 7/F, China Overseas Bldg, 139 Hennessey Road, Wanchai, Hong Kong	Ordinary Shares	100%	Development and sale of specialist medical equipment
Medicina France SARL(in liquidation), 12 Rue D'Alexandre, 64600, Anglet, France	Ordinary Shares	30%	Development and sale of specialist medical equipment

On 2nd July 2018, Medicina Holdings Limited divested 70% of the shareholding in Medicina France SARL.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

17 Acquisitions

On 28 September 2017 and 1 July 2020, the company purchased interests in Medicina Holdings Limited. The fair value of assets on the date of purchase is detailed below:

	Book Value at 28 September 2017 £	Fair Value at 28 September 2017 £
28 September 2017 purchase on controlling interest		
Tangible assets	659,688	659,688
Stocks	2,731,821	2,731,821
Debtors	2,685,844	2,685,844
Cash at bank and in hand	48,026	48,026
Deferred tax	581,120	581,120
Total assets	6,706,499	6,706,499
Creditors: Amounts falling due within one year	(4,997,486)	(4,997,486)
Creditors: Amounts falling due after more than one year	(3,151,974)	(3,151,974)
Total liabilities	(8,149,460)	(8,149,460)
Net liabilities	(1,442,961)	(1,442,961)
Net liabilities attributable to non-controlling interests	(354,989)	(354,989)
Net liabilities acquired	(1,087,972)	(1,087,972)
Consideration		76
Goodwill arising on investment (see note 14)		1,088,048
1 July 2020 purchase of remainder of group		
	Book Value at 1 July 2019 £	Fair Value at 1 July 2019 £
Net value of non-controlling interests	(3,997)	(3,997)
Consideration		209,397
Goodwill arising on investment (see note 14)		213,394

18 Stocks

	Group 31 December 2022 £	Company 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2021 £
Raw materials and work in progress	2,237	-	6,791	-
Finished goods	2,428,029	-	2,006,597	-
	2,430,266	-	2,013,388	-

Stock recognised in cost of sales during the period as an expense was £5,395,653 (12 months to 31 December 2021: £4,283,967).

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

19 Debtors

	Group 31 December 2022 £	Company 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2021 £
Working capital loan to subsidiary undertaking falling due in < 1 year	-	248,511	-	243,145
Interest on working capital loan to subsidiary undertaking	-	177	-	63
Trade debtors	1,523,912	-	1,359,174	-
Provision for bad debts	(212)	-	(127,933)	-
Other debtors	-	1	-	1
Corporation tax debtor	14,826	-	14,826	-
Other taxes and social security	411	229	-	-
Prepayments and accrued income	561,282	-	815,570	-
	2,100,219	248,918	2,061,637	243,209

The working capital loan issued is to Medicina Holdings Limited is repayable in instalments and incurs interest at a fixed rate of 2.25%.

20 Debtors: amounts falling due after one year

	Group 31 December 2022 £	Company 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2021 £
Working capital loan to subsidiary undertaking falling due in between 2-5 years	-	1,051,852	-	1,028,384
Working capital loan to subsidiary undertaking falling due between 6 and 10 years	-	191,528	-	463,775
Loan notes	-	2,150,000	-	2,150,000
Deferred corporation tax asset	442,628	38,558	1,222,396	27,820
	442,628	3,431,938	1,222,396	3,669,979

The working capital loan issued is to Medicina Holdings Limited is repayable in instalments and incurs interest at a fixed rate of 2.25%.

Unsecured fixed loan notes totalling £4,250,000 were issued to Medicina Holdings Limited on 16 December 2013. Interest accrued at the interest rate of 8% from day to day and was payable on the loan notes from the date upon which the loan notes were first issued.

As part of the acquisition of the majority shareholding of the group on 28th September 2017 HMC Medical UK Limited acquired the outstanding loan notes and accrued interest on those loan notes. HMC Medical UK Limited subsequently issued a deed of waiver for loan notes totalling £2,100,000 and loan note interest totalling £607,368 resulting in exceptional income in 2017 of £2,707,368.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

In addition to the above HMC Medical UK Limited issued a deed of variation reducing the interest rate from 8% to 0% effective as of 28th September 2017 and changing the terms of repayment to a rolling 1 year and 1 day basis.

21 Creditors: amounts falling due within one year

	Group 31 December 2022 £	Company 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2021 £
Trade Creditors	1,690,203	-	1,105,504	-
Obligations under finance lease and hire purchase contracts	-	-	-	-
Amounts owed to parent company (HMC Premedical S.p.A.)	373,016	373,016	329,460	329,460
Amounts owed to group undertakings	-	18,562	-	9,260
Bank overdraft facility	452,579	-	789,784	-
Other taxes and social security	367,768	-	171,682	959
Loan notes falling due within one year	-	-	-	-
Accruals and deferred income	163,511	3,169	137,541	3,974
	3,047,077	394,746	2,533,971	343,654

There were no creditors amounts falling due within one year on which security has been given by the group/company.

The group has an overdraft with Royal Bank of Scotland Group, with a minimum period of 12 months and a notice period of three months thereafter. The bank overdraft facility is secured by debenture against assets of Medicina Limited and Medicina Holdings Limited. The interest rate chargeable is a fixed rate of 2.25% above the bank's base rate per annum.

The company has received working capital loans totalling £4,159,133 as at 31 December 2022 (31 December 2021: £4,159,133) from its parent company HMC Premedical S.p.A., which incurs interest at a fixed rate of 2.25% per annum. Interest of £124,505 (12 months to 31 December 2021: £86,315) incurred during the period is included in the amount owed to the parent company stated above. The working capital loan is repayable on demand.

Unsecured fixed loan notes totalling £1,650,000 were issued to the company on 28 September 2017 by Business Growth Fund Plc. Interest is charged at a fixed rate of 0%.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

Repayment of the loan notes represents deferred consideration for the purchase of the loan notes issued to Medicina Holdings Limited on 16 December 2013, and the interest accrued on the same as at the date of purchase. Details of this are provided below.

22 Creditors: amounts falling due after more than one year

	Group 31 December 2022 £	Company 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2021 £
Working capital loan from parent company	2,935,663	2,935,663	3,184,442	3,184,442
Deferred consideration	178,314	178,314	178,314	178,314
Loan notes	-	-	-	-
	3,113,977	3,113,977	3,362,756	3,362,756

There were no creditors amounts falling due after more than one year on which security has been given by the group/company.

During the period the parent company agreed to an instalment schedule for the working capital loan, upon which a fixed interest rate of 2.25% is charged. Details of the repayments falling due after one year are detailed below.

Deferred consideration relates to funds due under an agreement with BGF following the purchase of the remaining 25% of Medicina Holdings Limited. These funds are due not more than 36 months after being called upon.

Analysis of repayments of creditors due after more than one year:

	Group 31 December 2022 £	Company 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2021 £
Unsecured fixed rate loan (2-5 years)	-	-	-	-
Working capital loan from parent company (2-5 years)	1,051,855	1,051,855	1,028,387	1,028,387
Working capital loan from parent company after more than five years	1,883,808	1,883,808	2,156,055	2,156,055
Deferred consideration 3 years from date of call – not less than 4 years from balance sheet date	178,314	178,314	178,314	178,314
	3,113,977	3,113,977	3,362,756	3,362,756

23 Provisions for liabilities

Details of deferred taxation are set out in Note 24 below. There were no other provisions for liabilities in the period.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

24 Deferred taxation

Deferred taxation provided for during the year at 25% (in the financial statements) is set out below:

Provided	Group 31 December 2022 £	Company 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2021 £
Capital allowances	778	-	(5,170)	-
(Profits)/Losses	(780,546)	10,738	152,139	6,221
Asset/(liability)	(779,768)	10,738	146,969	6,221

Un-provided	Group 31 December 2022 £	Company 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2021 £
Capital allowances	-	-	-	-
Losses	-	-	-	-
Asset/(liability)	-	-	-	-

25 Share capital

Allotted, called up and fully paid shares:

	31 December 2022		31 December 2021	
	No.	£	No.	£
Ordinary shares of £1 (2017 - £1) each	500,077	500,077	500,077	500,077
	<u>500,077</u>	<u>500,077</u>	<u>500,077</u>	<u>500,077</u>

26 Dividends

Dividends approved during the period were as follows:

	12 months 31 December 2021 £	12 months 31 December 2021 £
Current year interim dividend approved	-	-

27 Reserves

Description of nature of reserves

Called up share capital: represents the called up Ordinary share capital of the company. This is not a distributable reserve.

Translation reserve: represents the revaluation of foreign subsidiaries. This is not a distributable reserve.

Profit & loss account: represents the cumulative results of the company to the end of the current financial year. This is a distributable reserve.

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

28 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £60,445 (12 months to 31 December 2021: £60,826).

29 Leasing commitments

As at 31 December 2022 the group had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	31 December 2022 £	31 December 2021 £
Land and buildings		
Within one year	184,798	212,784
Within two and five years	423,657	608,455
	608,455	821,238
Other		
Within one year	1,687	1,687
Within two and five years	2,744	2,744
	4,431	4,431
Motor vehicles		
Within one year	42,195	31,089
Within two and five years	68,041	36,172
	110,236	67,260

30 Financial assets and liabilities

	31 December 2022 £	31 December 2021 £
Financial assets		
Loans and receivables	1,523,700	1,231,241
Cash and cash equivalents	49,834	4,595
	1,573,534	1,235,836
Financial liabilities		
Amortised cost	5,793,286	5,725,045
	5,793,286	5,725,045

HMC Medical UK Limited

Notes to the Financial Statements for the Period ended 31 December 2022 (Continued)

31 Related party transactions

Remuneration of key management personnel

The remuneration of the director, who is considered to be the key manager of the company is disclosed in note 10.

The company has taken advantage of the exemption in FRS 102 paragraph 33.1A regarding disclosing transactions with other members of the group.

32 Contingent Liabilities

There is one ongoing dispute which is being vigorously defended and where the outcome at this stage is uncertain. The Directors consider that quantification of these cases at this stage is not possible and that to disclose further details of these cases would be prejudicial to the outcome of these ongoing disputes.

33 There were no significant events after the reporting period

34 Control

On 28 September 2017 HMC Medical UK Limited purchased 75% of the share capital of Medicina Holdings Limited. On 1 July 2019 HMC Medical UK Limited purchased the remaining 25% of the share capital of Medicina Holdings Limited from K Harrison and L Harrison. HMC Medical UK Limited is a wholly owned subsidiary of HMC Premedical S.p.A.

The ultimate parent companies of the Group are Luan SRL (85.84%) and MEDI S.R.L. (14.16%), both private limited companies incorporated in Italy