

Registered number: 12349117

DHG BIDCO LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



DHG BIDCO LTD

COMPANY INFORMATION

Directors	G J Boyle R B N Brodie (resigned 29 November 2021) G Ewart
Registered number	12349117
Registered office	6-10 Withey Court Western Industrial Estate Caerphilly Mid Glamorgan CF83 1BF
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 17th Floor 103 Colmore Row Birmingham West Midlands B3 3AG

DHG BIDCO LTD

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DHG BIDCO LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The loss for the year, after taxation, amounted to £2,297,000 (*9 month period ended 31 December 2020: loss £2,458,000*).

Directors

The directors who served during the year were:

G J Boyle
R B N Brodie (resigned 29 November 2021)
G Ewart

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice)). 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Going concern

The directors have considered a period of not less than twelve months following the date of signing the financial statements, in assessing the cash flows and covenant calculations for the company and the wider group. The forecasts show that there is sufficient cash for both the company and wider group to continue trading and meet liabilities as these fall due for the foreseeable future and there is no evidence of any covenant breach. The directors therefore conclude that there are no material uncertainties related to events or conditions that may cast doubt on the ability of the company to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing its financial statements.

DHG BIDCO LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Post balance sheet events

On 5th July 2022, Direct Healthcare Group Limited (a subsidiary of DHG Bidco Ltd) acquired the assets of the Raizer product from Liftup A/S through a mixture of share issue and external debt. This acquisition is intended to strengthen the company's position as a manufacturer of patient handling products and complement the existing product portfolio.

Disclosure of information to auditor

The directors confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the 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 Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 29 September 2022 and signed on its behalf.

Gerry Boyle

G J Boyle
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DHG BIDCO LTD

Opinion

We have audited the financial statements of DHG Bidco Ltd (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DHG BIDCO LTD (CONTINUED)

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.

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DHG BIDCO LTD (CONTINUED)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DHG BIDCO LTD (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, and determined that the most significant are those that relate to the financial reporting framework (Financial Reporting Standard 101, Companies Act 2006 and the UK tax legislation); health and safety, employee matters, environmental and bribery and corruption procedures;
- We enquired of management and the in-house legal counsel as to whether they were aware of any non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud. We corroborated the results of our enquiries to board minutes and other supporting documentation;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with employees from different parts of the business, including the finance team, in-house legal counsel and the IT department, to understand where it is considered there was a susceptibility of fraud;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the company's control environment including:
 - the finance system and controls, including the controls over journal postings that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitor the finance system and the controls;
 - Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. Our audit procedures involved: journal entry testing, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and management; and
 - In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- We also considered the key performance indicators and their propensity to influence efforts made by management to manage earnings;



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DHG BIDCO LTD (CONTINUED)

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the company operates; and
 - understanding of the legal and regulatory requirements specific to the company.
- We did not identify any matters relating to non-compliance with laws and regulations or relating to fraud.

Use of our report

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



David Muntun BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

29 September 2022

DHG BIDCO LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

		31 December 2021 £000	9 month period ended 31 December 2020 £000
	Note		
Turnover		1,489	490
Gross profit		1,489	490
Administrative expenses		(2,007)	(22,779)
Exceptional administrative expenses	12	(2,127)	(1,821)
Other operating income	4	3,696	22,958
Operating profit/(loss)	5	1,051	(1,152)
Interest receivable and similar income	9	4	9
Interest payable and expenses	10	(3,662)	(1,696)
Loss before tax		(2,607)	(2,839)
Tax on loss	11	310	381
Loss for the financial year		(2,297)	(2,458)
Total comprehensive income for the year/period		(2,297)	(2,458)

There were no recognised gains and losses for 2021 or the 9 month period ended 31 December 2020 other than those included in the Statement of comprehensive income.

The notes on pages 11 to 26 form part of these financial statements.


DHG BIDCO LTD
REGISTERED NUMBER:12349117

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Investments	13	99,768	68,776
		<u>99,768</u>	<u>68,776</u>
Current assets			
Debtors: amounts falling due within one year	14	2,403	3,349
Cash at bank and in hand	15	142	1,180
		<u>2,545</u>	<u>4,529</u>
Creditors: amounts falling due within one year	16	(11,803)	(7,668)
Net current liabilities		<u>(9,258)</u>	<u>(3,139)</u>
Total assets less current liabilities		<u>90,510</u>	<u>65,637</u>
Creditors: amounts falling due after more than one year	17	(41,836)	(28,017)
		<u>48,674</u>	<u>37,620</u>
Net assets		<u><u>48,674</u></u>	<u><u>37,620</u></u>
Capital and reserves			
Share premium account		37,519	24,168
Profit and loss account		11,155	13,452
		<u><u>48,674</u></u>	<u><u>37,620</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities 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 29 September 2022.


G J Boyle
Director

The notes on pages 11 to 26 form part of these financial statements.

DHG BIDCO LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	-	24,168	13,452	37,620
Comprehensive expense for the year				
Loss for the year	-	-	(2,297)	(2,297)
Total comprehensive expense for the year	-	-	(2,297)	(2,297)
Shares issued during the year	-	13,351	-	13,351
Total transactions with owners	-	13,351	-	13,351
At 31 December 2021	-	37,519	11,155	48,674

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2020	-	54,468	1,203	55,671
Comprehensive expense for the period				
Loss for the period	-	-	(2,458)	(2,458)
Total comprehensive expense for the period	-	-	(2,458)	(2,458)
Dividends: Equity capital	-	-	(24,761)	(24,761)
Shares issued during the period	-	9,168	-	9,168
Cancellation of share premium	-	(39,468)	39,468	-
Total transactions with owners	-	(30,300)	14,707	(15,593)
At 31 December 2020	-	24,168	13,452	37,620

The notes on pages 11 to 26 form part of these financial statements.

DHG BIDCO LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

DHG Bidco Ltd is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at 6-10 Withey Court, Western Industrial Estate, Caerphilly, Mid Glamorgan, CF83 1BF.

The principal activity of the Company is that of a holding company.

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 Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

DHG BIDCO LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.3 Exemption from preparing consolidated financial statements**

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

The directors have considered a period of not less than twelve months following the date of signing the financial statements, in assessing the cash flows and covenant calculations for the company and the wider group. The forecasts show that there is sufficient cash for both the company and wider group to continue trading and meet liabilities as these fall due for the foreseeable future and there is no evidence of any covenant breach. The directors therefore conclude that there are no material uncertainties related to events or conditions that may cast doubt on the ability of the company to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.5 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.6 Revenue

Revenue comprises the fair value of the consideration received or receivable for amounts charged as management fees to other entities in the group.

2.7 Interest income

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

DHG BIDCO LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.8 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.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 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 Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Taxation

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 reporting 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 Statement of financial position 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 reporting date.

Tax losses surrendered to or utilised from other group companies are recharged to the other group company through the tax charge within the Statement of comprehensive income.

DHG BIDCO LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.12 Exceptional items**

Exceptional items are one off transactions, unrelated to the underlying trading performance of the company disclosed separately in the Statement of comprehensive income where the quantum, nature or volatility of such items would otherwise distort the underlying trading performance of the company.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 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.

2.15 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

2.17 Financial instruments**Financial assets, loans and receivables****Recognition and derecognition**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

DHG BIDCO LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

In the periods presented the Company does not have any financial assets categorised as FVOCI or FVTPL. The classification is determined by both:

- The Company's business model for managing the financial asset.
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in the Statement of comprehensive income are presented within finance costs, finance income or other financial items, except for any impairment which is presented within other expenses.

Subsequent measurement of financial assets**Financial assets at amortised cost**

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and intercompany receivables fall into this category of financial instrument.

Impairment

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses- the 'expected creditor loss (ECL) model'. Instruments within scope of the new requirements included loan and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of future cash flows of the instrument.

In applying this forward looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12 month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

DHG BIDCO LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**Amounts owed by group undertakings and cash and cash equivalents**

The Company's cash and cash equivalents and amounts owed by group undertakings have been assessed for impairment but given their nature no impairment has been recorded under IFRS 9.

Financial liabilities

The Company's financial liabilities include bank and loan note borrowings, amounts owed to group undertakings and accruals.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through the Statement of comprehensive income. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are subsequently carried at fair value with gains or losses recognised in the Statement of comprehensive income (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the Statement of comprehensive income are included within finance costs or finance income.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the preparation of these financial statements, estimates and judgements have been made by the directors in a number of areas within the financial statements. The estimates and associated assumptions are based on historical experience and from other factors that are considered to be relevant. Actual amounts could differ from those estimates.

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

Impairment of Investments

Determining whether investments are impaired requires an estimate of the value in use. The value in use calculation involves an estimate of the future cash flows of the respective investment and also the selection of appropriate discount rates to calculate present values. Future cash flows are estimated using the current one-year budget forecast, extrapolated for a future growth rate. The estimated growth rates are based on past experience and knowledge of the individual sector's markets. Changes in estimated growth rate could result in variations to the carrying value of these investments.

DHG BIDCO LTD

**NOTES TO THE FINANCIAL STATEMENTS
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4. Other operating income

	31 December 2021 £000	9 month period ended 31 December 2020 £000
Dividend income	3,696	22,958

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	31 December 2021 £000	9 month period ended 31 December 2020 £000
Impairment	-	22,009
Defined contribution pension cost	43	-

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**NOTES TO THE FINANCIAL STATEMENTS
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6. Auditor's remuneration

	31 December 2021 £000	9 month period ended 31 December 2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>34</u>	<u>16</u>
Fees payable to the Company's auditor and its associates in respect of:		
Accounts production services	2	2
Taxation compliance services	8	4
Transfer pricing services	74	73
Due Diligence related services	-	17
Entity Rationalisation	-	30
Other tax services	96	8
R&D tax claims	35	-
Global coordination services	40	-
	<u>255</u>	<u>134</u>

7. Employees

The Company has no employees other than the directors, of which the remuneration can be seen in Note 8.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Directors' remuneration

	31 December 2021 £000	9 month period ended 31 December 2020 £000
Directors' emoluments	692	512
Company contributions to defined contribution pension schemes	43	2
	<u>735</u>	<u>514</u>

During the year retirement benefits were accruing to 3 directors (*December 2020: 2*) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £321,423 (*December 2020: £208,050*).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (*December 2020: £1,967*).

9. Interest receivable

	31 December 2021 £000	9 month period ended 31 December 2020 £000
Other interest receivable	<u>4</u>	<u>9</u>

10. Interest payable and similar expenses

	31 December 2021 £000	9 month period ended 31 December 2020 £000
Bank interest payable	3,388	1,585
Other loan interest payable	274	111
	<u>3,662</u>	<u>1,696</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Taxation

	31	<i>9 month period ended</i>
	December	31
	2021	<i>December</i>
	£000	2020
		£000
Corporation tax		
Current tax on the loss for the year	(310)	(381)
	(310)	(381)
Total current tax	(310)	(381)
Deferred tax		
Total deferred tax	-	-
Taxation on the loss on ordinary activities	(310)	(381)

DHG BIDCO LTD

**NOTES TO THE FINANCIAL STATEMENTS
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11. Taxation (continued)**Factors affecting tax charge for the year/period**

The tax assessed for the period is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	31 December 2021 £000	9 month period ended 31 December 2020 £000
Loss on ordinary activities before tax	(2,607)	(2,839)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(495)	(539)
Effects of:		
Expenses not deductible for tax purposes	887	4,521
Non-taxable income	(702)	(4,363)
Group relief surrendered/(claimed)	310	381
Payment/(receipt) for group relief	(310)	(381)
Total tax charge for the year/period	(310)	(381)

Factors that may affect future tax charges

The 2021 Spring Budget included an announcement to increase the standard rate of corporation tax from 19% to 25% from 1 April 2023. Since the proposal to increase the rate was substantively enacted prior to the year end at the Balance Sheet date Deferred tax was provided at 25% at 31 December 2021.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Exceptional items

Exceptional items are split out as follows:

	31 December 2021 £000	<i>9 month period ended 31 December 2020 £000</i>
Acquisition costs	1,418	1,151
Debt raising costs	-	222
Professional services	622	217
Shareholder costs	87	115
Other	-	116
	<u>2,127</u>	<u>1,821</u>

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2021	90,785
Acquisitions	30,992
At 31 December 2021	<u>121,777</u>
Impairment	
At 1 January 2021	22,009
At 31 December 2021	<u>22,009</u>
Net book value	
At 31 December 2021	<u>99,768</u>
At 31 December 2020	<u>68,776</u>

DHG BIDCO LTD

**NOTES TO THE FINANCIAL STATEMENTS
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13. Fixed asset investments (continued)

On 2 March 2021, DHG Bidco acquired Talley Group with operations in the UK. In addition, on 16 March 2021, DHG Dutch Holding BV, a subsidiary of DHG Bidco, acquired United Care, a patient handling business with operations in the Netherlands. Both acquisitions were through a mixture of further share issue and external debt. These acquisitions are intended to bolster the groups existing presence in both the UK and the Netherlands and strengthen DHG's position as a leading manufacturer of pressure care, specialist seating, patient handling, and bathroom safety solutions.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Direct Healthcare Group Holdings Limited	UK	Holding company	Ordinary	100%
Direct Healthcare Group Management Limited	UK	Holding company	Ordinary	100%
Direct Healthcare Group Limited	UK	Design and manufacture of equipment to the medical industry	Ordinary	100%
Nightingale Care Beds Limited	UK	Dormant	Ordinary	100%
The Kirton Healthcare Group Limited	UK	Dormant	Ordinary	100%
Poshchair Medical Limited	UK	Dormant	Ordinary	100%
Qbitus Products Limited	UK	Manufacture of wheelchair and accessories	Ordinary	100%
Direct Healthcare Group PTY Limited	Australia	Dormant	Ordinary	100%
Direct Healthcare Services Limited	UK	Dormant	Ordinary	100%
DHG Dutch Holding Limited	Netherlands	Holding company	Ordinary	100%
Handicare Bathroom Safety Limited	Netherlands	Design and manufacture of bathroom safety equipment	Ordinary	100%
Talley Group Limited	UK	Design, manufacture, sale, service and hire of medical equipment, wound care devices and associated products	Ordinary	100%
C&J Evans Group Holdings 1 Ltd	UK	Holding Company	Ordinary	100%

DHG BIDCO LTD

**NOTES TO THE FINANCIAL STATEMENTS
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14. Trade and other receivables

	2021	2020
	£000	£000
Amounts owed by group undertakings	1,890	3,349
Other debtors	159	-
Prepayments and accrued income	42	-
Other taxes receivable	312	-
	2,403	3,349

Amounts owed by group companies are unsecured and repayable on demand.

15. Cash and cash equivalents

	2021	2020
	£000	£000
Cash at bank and in hand	142	1,180

16. Current trade and other payables

	2021	2020
	£000	£000
Amounts owed to group undertakings	11,005	7,409
Accruals and deferred income	798	259
	11,803	7,668

Amounts owed to group companies are unsecured and repayable on demand.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Trade and other payables: Amounts falling due after more than one year

	2021	<i>2020</i>
	£000	<i>£000</i>
Bank loans	41,836	<i>28,017</i>

On 20 June 2020 DHG Bidco entered into a credit facility with Muzinich Pan-European Private Debt Luxco, S.a.r.l. and Muzinich Firstlight Middle Market Luxco, S.a.r.l. On 16 March 2021, the DHG Bidco drew down on £20,716k as part of the acquisition of both Talley Group and the United Care Group. A floating charge remains granted over all the assets within the Group. The interest rate charge is a variable rate, depending on the level of gearing, at a rate above libor/sonia. For the period ended 31 December 2021, this amounted to 7.06%.

The bank loans are repayable in full by 8 June 2026.

Included in the Third party borrowings balance is a capitalised loan arrangement fee of £1,303k which is being amortised over the period of the facility.

18. Share capital

	2021	<i>2020</i>
	£000	<i>£000</i>
Allotted, called up and fully paid		
304 (2020 - 104) Ordinary shares of £1.00 each	-	-

On 1 March 2021 there was a share issue for total consideration of £6,475k resulting in an additional £6,475k of share premium.

On 30 March 2021 there was another share issue for total consideration of £6,875k resulting in an additional £6,875k of share premium.

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £43,000 (31 December 2020: £1,967). Contributions totalling £Nil (31 December 2020: £Nil) were payable to the fund at the reporting date and are included in creditors.

20. Related party transactions

In accordance with FRS 101 disclosure exemptions, the company has not disclosed transactions with other wholly owned entities that form part of the Group headed by DHG Holdco s.a.r.l.

The only other transactions are with the directors of the company and these are detailed in Note 8.

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21. Post balance sheet events

On 5th July 2022, Direct Healthcare Group Limited (a subsidiary of DHG Bidco Ltd) acquired the assets of the Raizer product from Liftup A/S through a mixture of share issue and external debt. This acquisition is intended to strengthen the company's position as a manufacturer of patient handling products and complement the existing product portfolio.

22. Ultimate controlling party

The immediate holding company is DHG Midco s.a.r.l, a company incorporated in Luxembourg. The ultimate parent company is DHG Holdco s.a.r.l, also incorporated in Luxembourg and is the smallest and largest group into which the results of this company are consolidated. The ultimate controlling parties are Denis Ribon and Vincent Guilaumot who own a group of funds managed by Archimed.