Aquilant Limited

Directors' report and financial statements

Year ended 30 December 2020

Registered number: 02090807

Aquilant Limited

Directors' report and financial statements

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Directors and other information

Directors	R Dew (resigned 17 September 2020) D Frederick T Rodgers
Company secretary	T Rodgers
Registered office	Aquilant House Unit B1-B2 Bond Close Kingsland Business Park Basingstoke RG24 8PZ England
Independent auditors	KPMG Chartered Accountants 85 South Mall Cork
Bankers	Natwest Bank plc 63 Picadilly London W1J 0AJ United Kingdom Ulster Bank Ireland DAC George's Quay Dublin 2
Solicitors	Simon Barrett BWH Legal Ashbrook House Westbrook Street Blewbury Oxfordshire OX11 9QA United Kingdom Eversheds Sutherland 1 Wood Street London EC2V 7WS United Kingdom
Registered number	02090807

Aquilant Limited

Strategic report

Principal activities

The principal activities of the company during the year ended 30 December 2020 continued to be the distribution of medical and surgical devices.

Business review

The results for the year are set out in the profit and loss account and other comprehensive income on page 11. Key performance indicators as shown below.

The company's turnover increased 30% from £21,348,736 (*15 months: £26,685,920)* in FY 19 to £27,835,629 in FY 20.

Gross margin increased 27% from £6,953,662 (*15 months: £8,692,077*) in FY 19 to £8,809,384 in FY 20 due to a change in sale mix.

The company generated a profit before tax of £3,195,398 *(2019: loss of £1,075,176)*. The 2019 loss included exceptional restructuring costs. The company continues to maintain strong working capital cash flows. The directors are confident that the company's investment in assets and an experienced workforce will enable it to capitalise on the growing number of opportunities in the market.

During the year, the Healthcare 21 Group acquired 100% of the ordinary share capital of Cardio Solutions Limited, a leading distributor and sales agent of Cardiothoracic, Vascular, Electrophysiology and Interventional Cardiology products. Cardio Solutions Limited was acquired in March 2020 by Healthcare 21 UK Limited. In June 2020, 100% of the ordinary share capital in Cardio Solutions was transferred to Aquilant Limited. Cardio Solutions subsequently transferred its trade and assets to Aquilant Limited to enhance synergies within the Group.

As a result of the reconstruction, Aquilant Limited acquired total net assets of £6.5 million, including cash of £5.7 million and liabilities of £350,000.

Principal risks and uncertainties

The company has a comprehensive system of risk management and internal controls, which form an integral part of the business process. The risks and uncertainties which are currently judged to have the greatest impact on the company's performance are noted below.

The company faces competition in its various markets and if it fails to compete successfully, market share and profitability may decline.

Distribution of third-party products is currently by agreement. There is no certainty that these agreements will be renewed upon expiry, which could lead to declines in sales and profitability.

Financial risk management objectives and policies

The management of financial risks facing the company is governed by policies reviewed and approved by the board of directors. These policies primarily cover liquidity risk, credit risk and currency risk. The primary objective of the company's policies is to minimise financial risk at a reasonable cost. The company does not trade in financial instruments.

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Strategic report *(continued)*

Financial risk management objectives and policies *(continued)*

Economic risk

Brexit
The decision of the United Kingdom (UK) to exit the European Union (EU) at the end of the agreed transition period on 31 December 2020 ("Brexit") posed a significant short-term uncertainty on trading arrangements both between UK and Ireland and between UK and other international markets. Post Brexit transition trading agreements are now in place between UK and EU with special transition trading arrangements in place for Northern Ireland.

The final outcome of the ongoing trading arrangements is still unclear as negotiations continue between both parties. Any changes to the existing transition trading agreements may affect the Company's operations and financial results.

In 2020, the Company undertook an extensive review of possible Brexit impacts and implemented a comprehensive contingency set of actions to minimise any commercial Brexit impact.

To date, there has been minimal impact on the Company's operational and financial performance as a result of the above Brexit contingency plan and measures.

COVID-19
First reported in January 2020 a novel strain of coronavirus ("COVID-19") which first surfaced in China has met the scientific definition of a pandemic, impacting a number of countries globally. The spread of the COVID-19 outbreak has caused severe disruptions in the Irish and global economy and financial markets and has the potential to continue to create widespread business continuity issues of an as yet unknown magnitude and duration. Many countries, including Ireland and the UK, have reacted by instituting quarantines, mandating business and school closures and restricting travel.

In February 2020, a comprehensive COVID-19 action plan was implemented across the Company. Key objectives of the plan were to ensure the health and safety of our staff and customers, minimise the disruption to the supply chain and to protect the ongoing veracity of the Company's ongoing business operations, all of which was designed to support the Company's healthcare customers during the pandemic.

Throughout 2020, COVID-19 dramatically changed established commercial and clinical practices in the healthcare sector. The prompt implementation of the COVID-19 action plan permitted the Company to continue to operate effectively to meet the needs of its customers, by minimising supply chain disruption. The Company's employees continue to work safely and remotely.

COVID-19 has had both adverse and positive impacts on company trading in 2020. Many elective procedures and clinical patient interactions were delayed. However, there was additional demand for some critical consumable and medical devices. The Company has benefited from its significant planned stock holding and its strong supplier partner and customer relationships.

Whilst there is optimism around significant population vaccination, COVID-19 has triggered a period of economic slowdown. However, the healthcare sector has and will continue to benefit from increased government spend and increased demand for healthcare services. Many healthcare experts are predicting a period of sustained growth in the healthcare sector on a gradual basis from the second half of 2021 and beyond into 2022 and 2023.

The directors are confident that the Company is well positioned to benefit from this increased demand for its healthcare products and services.

Aquilant Limited

Strategic report *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk

The company uses cash resources to finance its operations. The company ensures that it has sufficient financing facilities available through cash flow generated from operating activities or from company borrowings, if required, to meet its projected funding requirements.

Credit risk

Trade debtors and creditors arise from operations on normal terms.

Currency risk

The company makes purchases of goods and services denominated in currencies other than pounds sterling. The company manages said payments through the operation of other denominated currency bank accounts. As a result of the level of the company's non-pound sterling purchases, financial assets and financial liabilities, and cash flows can be affected by movements in exchange rates.

On behalf of the board

Trevor Rodgers

Trevor Rodgers
Director

30th June 2021

Aquilant Limited

Directors' report

The directors present herewith their report and the audited financial statements of the company for the year ended 30 December 2020.

Results for the year and state of affairs for the year ended 30 December 2020

The profit and loss account and other comprehensive income and balance sheet for the year ended 30 December 2020 are set out on pages 11 and 12.

During the year, the company made a profit of £2,568,739 *(2019: loss of £1,043,520).*

Shareholders' funds at 30 December 2020 amounted to £3,150,263 *(2019: funds £581,524).*

Dividends

The directors do not propose to pay a dividend for the year *(2019: £Nil).*

Directors and company secretary

The directors who served during the year were:

R Dew (resigned 17 September 2020)
D Frederick
T Rodgers (secretary)

Political contributions

The company made no political contributions or incurred any political expenditure that require disclosure during the year *(2019: £Nil).*

Future developments

The directors consider both the results for the period and trading prospects to be satisfactory. It is the directors' intention to continue to develop the present activities of the company.

Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed the current position and cash flow projections of the company. These projections take into account the potential impact of the COVID-19 pandemic as outlined in the *Principal Risks and Uncertainties* Section of the directors' report. The company has net assets of £3,150,263 and net current liabilities of £6,030,024 as at 30 December 2020. The company has access to funding from Primacy Healthcare 21 Limited as and when required to finance the payment of liabilities as they fall due. Given the financial interdependency with other Group companies the directors have also considered the work carried out by Group management as to the impact of COVID 19 which included updating the Group's going concern assessment from the year end focussing on cash flow and the ability of the Group to meet known and potential liabilities. Based on this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements.

Key performance indicators

The key performance indicators used by management to monitor performance are as follows:

- Gross margin and operating profit indicators;
- Changes in sales volumes and sales prices;

Aquilant Limited

Directors' report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

No significant events have occurred since 30 December 2020.

Period of financial statements

During the prior period, the accounting period of the company was changed to align the reporting date with that of its holding company. The current year's financial statements cover the year from 31 December 2019 to 30 December 2020. The prior period comparatives cover the financial year from 1 October 2018 to 30 December 2019.

Auditor

The auditor, KPMG, Chartered Accountants, have expressed their willingness to continue in office and, in accordance with Section 487 of the Companies Act 2006, a resolution for their re-election will be proposed at the Annual General Meeting.

On behalf of the board

Trevor Rodgers

Trevor Rodgers
Director

30th June 2021

Aquilant Limited

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, 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 they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board

Trevor Rodgers

Trevor Rodgers
Director

30th June 2021

KPMG

KPMG
Audit
85 South Mall
Cork
T12 A3XN
Ireland

Independent auditor's report to the members of Aquilant Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Aquilant Limited ("the company") for the year ended 30 December 2020 set out on pages 12 to 30, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and 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 company's affairs as at 30 December 2020 and of its profit for the year then ended;

- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and

- the financial statements 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

KPMG

Independent auditor's report to the members of Aquilant Limited *(continued)*

Report on the audit of the financial statements *(continued)*

Conclusions relating to going concern *(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 the date when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary. The company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors, other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

KPMG

Independent auditor's report to the members of Aquilant Limited *(continued)*

Report on the audit of the financial statements *(continued)*

Detecting irregularities including fraud *(continued)*

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

KPMG

Independent auditor's report to the members of Aquilant Limited *(continued)*

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

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 including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

02 July 2021

Celine Fox
Senior Statutory Auditor
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
85 South Mall
Cork

Aquilant Limited

Profit and loss account and other comprehensive income
for the year ended 30 December 2020

	Note	Year ended 30 December 2020 £	15 month period ended 30 December 2019 £
Turnover – continuing operations	3	**27,835,629**	26,685,920
Cost of sales		**(19,026,245)**	(17,993,843)
Gross profit		**8,809,384**	8,692,077
Administrative expenses		**(5,613,986)**	(9,767,253)
Operating profit/(loss)		**3,195,398**	(1,075,176)
Profit on ordinary activities before tax	4	**3,195,398**	(1,075,176)
Tax on ordinary activities	8	**(626,659)**	31,656
Profit on ordinary activities for the financial year/period		**2,568,739**	(1,043,520)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year/period		**2,568,739**	(1,043,520)

The notes on pages 15 to 30 form part of these financial statements.

Aquilant Limited

Balance sheet
as at 30 December 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	9	**6,541,596**	-
Goodwill	10	**2,241,310**	-
Tangible assets	11	**397,381**	599,525
		9,180,287	599,525
Current assets			
Stocks	12	**6,517,113**	6,350,560
Debtors: amounts falling due within one year	13	**11,020,050**	4,206,911
Cash at bank and in hand	14	**327,777**	129,229
		17,864,940	10,686,700
Creditors: amounts falling due within one year	15	**(23,894,964)**	(10,704,700)
Net current liabilities		**(6,030,024)**	(18,000)
Net assets		**3,150,263**	581,524
Capital and reserves			
Called up share capital	19	**50,000**	50,000
Other reserves		**119,355**	119,355
Profit and loss account		**2,980,908**	412,169
Shareholders' funds		**3,150,263**	581,524

The financial statements were approved by the board of directors on 30th June 2021 and were signed on its behalf by:

Trevor Rodgers

Trevor Rodgers
Director

Registered number: 2090807

The notes on pages 15 to 30 form part of these financial statements.

Aquilant Limited

Statement of changes in equity
for the year ended 30 December 2020

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 30 September 2018	50,000	119,585	1,455,689	1,625,274
Loss for the year	-	(230)	(1,043,520)	(1,043,750)
At 30 December 2019	**50,000**	**119,355**	**412,169**	**581,524**
At 31 December 2019	50,000	119,355	412,169	581,524
Profit for the year	-	-	2,568,739	2,568,739
At 30 December 2020	**50,000**	**119,355**	**2,980,908**	**3,150,263**

The notes on pages 15 to 30 form part of these financial statements.

Notes

forming part of the financial statements

1 General information

Aquilant Limited ("the company") is a limited company incorporated, domiciled and registered in the United Kingdom (UK). The registered office of the company is Aquilant House Unit B1-B2 Bond Close, Kingsland Business Park, Basingstoke, RG24 8PZ, England. The registered number is 02090807.

2 Accounting policies

2.1 Introduction

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, unless otherwise noted, are set out below.

2.2 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). There have been no material departures from the standard. The presentation currency of these financial statements is British Pounds.

Primacy Healthcare 21 Limited, a parent undertaking of the company, includes the company in its consolidated financial statements. The consolidated financial statements of Primacy Healthcare 21 Limited are prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and are available to the public. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes

2.3 Measurement convention

The financial statements are prepared on the historical cost basis.

2.4 Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed the current position and cash flow projections of the company. These projections take into account the potential impact of the COVID-19 pandemic as outlined in the *Principal Risks and Uncertainties* Section of the directors' report. The company has net assets of £3,150,263 and net current liabilities of £6,030,024 as at 30 December 2020. The company has access to funding from Primacy Healthcare 21 Limited as and when required to finance the payment of liabilities as they fall due. Given the financial interdependency with other Group companies the directors have also considered the work carried out by Group management as to the impact of COVID 19 which included updating the Group's going concern assessment from the year end focussing on cash flow and the ability of the Group to meet known and potential liabilities. Based on this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements..

2 Accounting policies *(continued)*

2.5 Revenue

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

Sales of goods

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

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Non-current assets

Tangible fixed assets

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

During the prior period, the company changed the useful lives of its fixed assets in order to align with the group.

The impact of this change in useful lives can be seen in note 4.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	3 years
Computer equipment	3 years
Engineering equipment	3 years
Equipment stock	3 years
Fixtures and fittings	5 years
Software and development	5 years

2 Accounting policies *(continued)*

2.6 Non-current assets *(continued)*

Tangible fixed assets *(continued)*

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Investments

Investment in subsidiary company
Investment in subsidiary companies are held at cost less accumulated impairment losses.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

2.8 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 impairment.

2.9 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.

2.10 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.

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is British Pounds.

2 Accounting policies *(continued)*

2.11 Foreign currency translation *(continued)*

Transactions and balances

Foreign currency transactions are translated into 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 is 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 the statement of comprehensive income 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 the statement of comprehensive income within 'other operating income'.

2.12 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the profit and loss account and other comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.13 Retirement benefit obligations

Defined contribution retirement benefit plan

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

The contributions are recognised as an expense in the profit and loss account and other comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.14 Provisions for liabilities

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

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

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

2 Accounting policies *(continued)*

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax.

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

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

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

2.16 Business combinations – Group reconstructions

Group Reconstructions are generally accounted for by the receiving entity based on the nature of what is transferred or exchanged. Since there is no change in control over the net assets from the parent's perspective, there is no change in basis in the net assets.

Group Reconstructions are recorded at book value. Any difference between the proceeds transferred or received and the carrying amounts of the net assets is recognised in equity in the transferring and receiving entities' separate financial statements and eliminated in consolidation.

2.17 Goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash generating units that are expected to benefit from the synergies of the business combination from which it arose.

Amortisation

Amortisation is charge to the profit and loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible asset are amortised from the date they are available for use. The estimated useful lives are as follows:

Goodwill	10 years

The entity reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill is tested for impairment in accordance with FRS 102.27 when there is an indication that goodwill or an intangible asset maybe impaired.

3 Turnover

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of trade discounts, trade rebates and exclusive of VAT and other sales taxes or duties.

An analysis of turnover by class of business is as follows:	**Year ended 30 December 2020 £**	15 month period ended 30 December 2019 £
Sales and distribution of medical and surgical products	**27,065,731**	25,814,232
Service revenue	**769,898**	871,688
	27,835,629	26,685,920

Analysis of turnover by country of destination:	**2020 £**	2019 £
United Kingdom	**27,722,638**	26,685,920
EU/EEA	**112,991**	-
	27,835,629	26,685,920

4 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after (crediting)/charging:

	Year ended 30 December 2020 £	15 month period ended 30 December 2019 £
Car lease	**200,633**	197,812
Rent	**310,487**	359,229
Depreciation of tangible fixed assets	**316,170**	611,320
Amortisation of goodwill	**138,842**	-
Align depreciation to group policy	**-**	193,393
Exchange (gain)/loss	**(98,498)**	64,964

5 Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	Year ended 30 December 2020 £	15 month period ended 30 December 2019 £
Fees for the audit of the company	**42,792**	46,083

Audit fees are based on an allocation across the Group, allocated on a percentage revenue basis to group entities.

6 Employees

	Year ended 30 December 2020 £	15 month period ended 30 December 2019 £
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	**2,830,951**	3,980,249
Social security costs	**362,598**	508,713
Cost of defined contribution scheme	**107,150**	121,985
	3,300,699	4,610,947

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

	Year ended 30 December 2020 No.	15 month period ended 30 December 2019 No.
Administration	**28**	29
Sales representative	**35**	36
	63	65

7 Directors' remuneration

	Year ended 30 December 2020 £	15 month period ended 30 December 2019 £
Directors' emoluments	**137,303**	290,132
Company contributions to defined contribution retirement benefit schemes	**9,304**	-
	146,607	290,132

The company has not paid any fees or other remuneration to directors related to the directorship role they provided to the company as part of their group wide executive management role. The above amounts are an estimated allocation of the emoluments paid or payable to those individuals in relation to their group wide executive management role. The estimated allocation is based on an estimate of the qualifying services, including management of the affairs of the company, they provided during the financial year.

8 Taxation

	Year ended 30 December 2020 £	15 month period ended 30 December 2019 £
Corporation tax		
Current tax on profit/(loss) for the year	**634,911**	-
Adjustments in respect of previous years	**5,918**	(181,576)
Total current tax charge/(credit)	**640,829**	(181,576)
Deferred tax		
Origination and reversal of timing differences	**(1,457)**	(64,935)
Changes to tax rates	**(14,402)**	-
Adjustment in respect of previous years	**1,688**	214,855
Total deferred tax (credit)/charge	**(14,171)**	149,920
Taxation on profit/(loss) on ordinary activities	**626,659**	(31,656)

8 Taxation *(continued)*

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than *(2019: higher than)* the standard rate of corporation tax in the UK of 19% *(2019: 19%)*. The differences are explained below:

	Year ended 30 December 2020 £	15 month period ended 30 December 2019 £
Profit/(loss) on ordinary activities before tax	**3,195,398**	(1,075,176)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2019: 19%)*	**607,126**	(204,283)
Non-tax deductible schemes and others	**29,682**	3,574
Adjustments to tax charge in respect of prior periods	**7,607**	33,279
Group relief surrendered	**-**	128,135
Impact of changes in future tax rates	**(14,401)**	-
Deferred tax adjustment	**(3,355)**	7,639
Total tax charge/(credit) for the year/period	**626,659**	(31,656)

Factors that may affect future tax charges

UK corporation tax rate is to remain at 19% with effect from 1 April 2020, rather than reducing to 17% as previously enacted. This was substantively enacted on 17 March 2020.

9 Investments

	Shares in group undertakings £
The company has the following investment in subsidiaries:	
Cost	
At beginning of year	-
Transfer of Cardio Solutions (UK) Limited from HC21 (UK)	8,921,748
Write down of carrying value (i)	(2,380,152)
At end of year	**6,541,596**

Investments comprise equity shares in Cardio Solutions (UK) Limited.

In March 2020, the Healthcare 21 Group acquired 100% of the ordinary share capital of Cardio Solutions (UK) Limited, a leading distributor and sales agent of Cardiothoracic, Vascular, Electrophysiology and Interventional Cardiology products. In June 2020, the ordinary share capital of Cardio Solutions Limited was transferred from Healthcare 21 UK Limited to Aquilant Limited in order to enhance synergies within the Group.

9 Investments *(continued)*

On 15 June 2020, the trade assets and liabilities of Cardio Solutions were transferred to the Company as part of a group restructuring. Cardio Solutions (UK) Limited is a distributor company for its ultimate parent, Primacy Healthcare 21 Limited.

With the approval of the board of Directors of the Company, effective as of 15 June 2020. All assets and liabilities of Cardio Solutions, together with all attendant rights and obligations, were transferred to the Company in exchange for consideration to the value of the net assets, discharged by way of an intercompany loan, repayable on demand without interest or security.

The ultimate equity holder remains Primacy Healthcare 21 Limited, and there is no non-controlling interest in the group, before or after the combination.

Assets and liabilities

The net assets of Cardio Solutions Limited on the effective date amounted to £6.5 million.

The assets and liabilities of Cardio Solutions (UK) Limited consisted of cash (£5.72m), stock (£370k), tangible fixed assets (£10k), trade debtors (£749k) and trade creditors (£350k). The intercompany payable was recorded at book value £6.5m. Elimination of intercompany balances between the Company and Cardio Solutions (UK) Limited were not required as there were no existing balances prior to the combination.

Goodwill

Goodwill of £2,380,152 was recognised as a result of the combination, representing the Trade of Cardio Solutions (UK) Limited.

Revenue and expenses

Revenues and expenses of both entities are required to be combined from the beginning of the period. Income of the combined entity is reported subsequent to the combination date. As such, the income statement reflects the results of the combining entities for the full period.

(i) Following the Trade and Asset transfer of Cardio Solutions (UK) Limited into Aquilant Limited, the Investment was written down to the net asset position of the subsidiary. The corresponding entry has been recognised as Goodwill, representing the Trade of Cardio Solutions (UK) Limited.

10 Intangible assets - Goodwill

Acquisitions in the current period

During the year, the Healthcare 21 Group acquired 100% of the ordinary share capital of Cardio Solutions Limited, a leading distributor and sales agent of Cardiothoracic, Vascular, Electrophysiology and Interventional Cardiology products. Cardio Solutions (UK) Limited was acquired in March 2020 by Healthcare 21 UK Limited. In June 2020, 100% of the ordinary share capital in Cardio Solutions was transferred to Aquilant Limited. Cardio Solutions subsequently transferred its trade and assets to Aquilant Limited to enhance synergies within the Group.

The Company recognised Goodwill of £2,380,152 in June 2020 when the Cardio Solutions Trade and Assets transferred to the Company, representing the Trade of Cardio Solutions (UK) Limited.

The Trade of Cardio Solutions (UK) Limited is the provision of specialist healthcare sales and service of medical devices within the UK surgical and critical care sector.

10 Intangible assets – Goodwill *(continued)*

	£
Cost	
Balance at 30 December 2019	-
Acquisitions through Trade and Asset transfer	2,380,152
Balance at 30 December 2020	**2,380,152**
Amortisation and impairment	
Balance at 30 December 2019	-
Amortisation for the year	(138,842)
Balance at 30 December 2020	**(138,842)**
Net book value	
At 30 December 2019	-
At 30 December 2020	**2,241,310**

The amortisation of goodwill is recognised within administration expenses in the profit and loss account.

Notes *(continued)*

11 Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Software and development £	Engineering equipment £	Equipment stock £	Total £
Cost							
At 1 October 2019	1,118,280	36,562	431,655	26,088	29,881	799,924	2,442,390
Acquisition of a business	4,570	-	8,241	-	-	-	12,811
Additions	12,174	-	-	5,746	-	90,150	108,070
Disposals	(35,862)	-	(7,883)	-	-	(16,850)	(60,595)
At 30 December 2020	**1,099,162**	**36,562**	**432,013**	**31,834**	**29,881**	**873,224**	**2,502,676**
Depreciation							
At 1 October 2019	842,410	36,562	421,361	2,609	25,973	513,950	1,842,865
Charge for the year	99,016	-	12,765	6,082	3,607	194,700	316,170
Disposals	(32,707)	-	(6,524)	-	-	(14,509)	(53,740)
At 30 December 2020	**908,719**	**36,562**	**427,602**	**8,691**	**29,580**	**694,141**	**2,105,295**
Net book value							
At 30 December 2020	**190,443**	**-**	**4,411**	**23,143**	**301**	**179,083**	**397,381**
At 30 September 2019	275,870	-	10,294	23,479	3,908	285,974	599,525

12 Stocks

	2020	2019
	£	£
Finished goods and goods for resale	**6,517,113**	6,350,561
	6,517,113	6,350,561

Replacement costs of stock

There are no material differences between the replacement cost of stock and the balance sheet amounts.

The value of finished goods recognised as cost of sales in the year amounted to £18,241,269 *(2019: £16,866,860).*

13 Debtors

	2020	2019
	£	£
Trade debtors	**2,296,412**	3,113,669
Prepayments	**287,077**	288,930
Deferred taxation	**138,271**	124,100
Amounts owed by group undertakings	**8,298,290**	454,775
Corporation tax	**-**	225,437
	11,020,050	4,206,911

Amounts owed by group undertakings are repayable on demand, are interest free and repayable on demand.

14 Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	**327,777**	129,229

15 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	**2,017,250**	2,165,870
Amounts owed to group undertakings	**18,638,400**	4,290,212
Other payables	**175,726**	-
Social security	**224,685**	170,790
VAT	**188,695**	250,034
Accruals and deferred income	**1,310,418**	1,131,181
Invoice discounting facilities (note 16)	**777,343**	2,696,613
Corporation tax	**562,447**	-
	23,894,964	10,704,700

Amounts owed to group undertakings are repayable on demand and repayable on demand.

16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowings, which are measured at amortised cost.

Creditors: amounts falling due within one year	**2020** **£**	2019 £
Invoice discounting facility agreement	**777,343**	2,696,613

Invoice discounting facilities are secured in favour of Ulster Bank Ireland DAC *(2019: BNP Paribas Commercial Finance Limited)* by debenture over the fixed and floating assets of the company. Ulster Bank DAC holds a cross company guarantee given by Healthcare 21 (UK) Limited, Tools for Living (Ireland) Limited, Lyncare Systems Limited, Primary Healthcare 21 (International) Limited, Medscope Limited, Healthcare Acquisition Limited, Aquilant Limited, Aquilant Endoscopy Limited, Aquilant Northern Ireland Limited, Aquilant Scientific (ROI) Limited, Aquilant Medical (ROI) Limited, Aquilant Pharmaceutical Limited, Aquilant Analytical Services Limited, Xograph Holdings Limited, Xograph Healthcare Limited (UK) and Xograph Healthcare (Ireland) Limited over the invoice discounting facilities of Primacy Healthcare 21 Limited.

Terms and debt repayment	**Nominal interest rate**	**Repayment schedule**	**30 December 2020** **£**	30 December 2019 £
Invoice discounting facilities	1.55%+ Libor	Monthly	**777,343**	2,696,613

17 Deferred taxation

	Year ended 30 December 2020 **£**	15 month period ended 30 December 2019 £
At beginning of year/period	**124,100**	274,020
Credited/(charged) to the profit or loss (note 8)	**14,171**	(149,920)
At end of year/period	**138,271**	124,100

	Year ended 30 December 2020 **£**	15 month period ended 30 December 2019 £
The deferred tax asset is made up as follows:		
Accelerated capital allowances	**129,919**	124,100
Other timing differences	**8,352**	-
	138,271	124,100

18 Retirement benefits

Retirement benefits for persons providing services to the company are funded through defined contribution retirement schemes, the assets of which are vested in independent trustees for the benefit of such persons and their dependents. The retirement benefit costs charge in the statement of comprehensive income are set out in note 6.

19 Share capital

	2020	2019
	£	£
Shares, classified as equity		
Authorised, allotted, called up and fully paid		
50,000 ordinary shares of £1 each	**50,000**	50,000

20 Commitments under operating leases

At 30 December 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Rent		
Within one year	**276,585**	276,585
Within two to five years	**668,414**	944,999
	944,999	1,221,584

	2020	2019
	£	£
Car leases		
Within one year	**121,498**	168,515
Within two to five years	**137,719**	74,095
	259,217	242,610

21 Post balance sheet events

No significant events have occurred since 30 December 2020.

22 Immediate and ultimate parent undertaking

Healthcare Acquisition Limited, an Irish incorporated and resident company, is the company's parent undertaking, holding 100% of the equity capital of the company. Primacy Healthcare 21 Limited, an Irish incorporated and resident company, is the parent undertaking of Healthcare Acquisition Limited, for which group financial statements are prepared and publicly available from their registered address at Unit 5, Westpoint Buildings, Westpoint Business Park, Ballincollig, Cork, Ireland.

In April 2021 AddLife AB, Corporate identity No 556995-8126, became the ultimate parent of the company through the 100% acquisition of the Healthcare 21 Group. Incorporated in Sweden AddLife address is Brunkebergstorg 5, Stockholm, Sweden. AddLife shares are traded on Nasdaq Stockholm, Nordic Mid Cap.

23 Related party transactions

During the year, the company entered into transactions, in the ordinary course of business, with other group companies. The company has taken advantage of the exemption under paragraph 8(k) of FRS 102.331(a) not to disclose transactions with fellow owned subsidiaries. There were no director's loans or other arrangements with directors in the year.

24 Capital commitments and contingencies

The company had no capital commitments or contingencies at 30 December 2020 *(2019: £Nil)*.

25 Approval of financial statements

The board of directors approved these financial statements for issue on 30th June 2021.