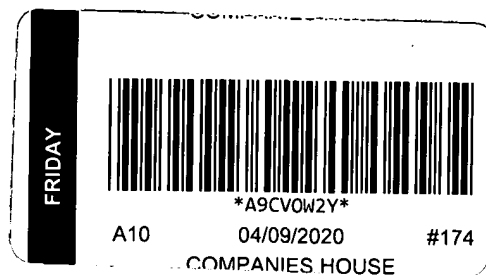


Registered number: 02170535

WELLAND MEDICAL LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



WELLAND MEDICAL LIMITED

COMPANY INFORMATION

Directors	S L Farbrother D J Margetts C D Primett M D Wynn S C Jackson
Company secretary	S Bryden
Registered number	02170535
Registered office	Cavell House Knaves Beech Way High Wycombe Buckinghamshire HP10 9QY
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Abbey Place 24-28 Easton Street High Wycombe Buckinghamshire HP11 1NT
Bankers	Barclays Bank Plc 16 High Street High Wycombe Buckinghamshire HP11 2BG

WELLAND MEDICAL LIMITED

CONTENTS

	Page
Strategic Report	1
Directors' Report	2 - 3
Independent Auditors' Report	4 - 6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 23

WELLAND MEDICAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

Sales increased by 5.0% compared with the prior year to £31,615,375. Although market conditions remained competitive, growth was seen in both United Kingdom and export markets from the sale of stoma pouches and accessory products. New products and market development were a significant factor in this growth and, well positioned by this, continuing growth is anticipated in 2020.

Gross profit decreased by 2.5% to £9,396,801 (2018 - £9,635,079) due to short term manufacturing inefficiencies caused by the introduction of new materials and the installation of new machinery during 2019. The measures taken in 2019 are expected to increase productivity and restore the gross profit margin in 2020 to a similar level to 2018.

Over 50% of the Company's sales arise from countries within the EU. There is a risk associated with the UK's decision to leave the EU which could affect future trading arrangements including regulatory requirements, customs duties, delays at the ports and the mobility of labour. Whilst the UK has entered into negotiations with the EU to agree an orderly exit, it remains unclear as to the timing and implications of a UK exit. The company has put plans in place to ensure that trade can continue with its customers throughout Europe under a number of potential scenarios.

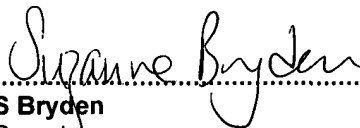
The company continues to trade with customers and suppliers in various foreign currencies and therefore monitors exchange rate risk closely. Raw materials utilised in the manufacturing process are largely oil based and prices are influenced by both the price of oil and movements in exchange rates. The company is actively managing relationships with suppliers in order to keep price rises to a minimum, and it is considered that any downward pressure on margins will be reduced by improvements in productivity.

The COVID-19 pandemic is a threat to the company, as it is throughout the world's economies. Every attempt will be made to mitigate its effect on all stakeholders, and the company is confident in its ability to respond as flexibly as possible given the prevailing circumstances.

Despite the risks noted above, the company is considered to be in a strong financial position and well placed to continue the trend in growth.

The company employs the equivalent of 215 full time staff (2018 - 208). The company is committed to its people through learning and development and is proud to have been reaccredited as an Investors in People Gold company.

This report was approved by the board on 26 March 2020 and signed on its behalf.


.....
S Bryden
Secretary

WELLAND MEDICAL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £3,372,461 (2018 - £4,044,521).

Particulars of dividends are detailed in the Statement of Changes in Equity.

Directors

The directors who served during the year were:

S L Farbrother
D J Margetts
C D Primett
M D Wynn
S C Jackson

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year and since the year end.

WELLAND MEDICAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

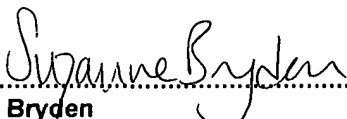
Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, MHA MacIntyre Hudson will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 26 March 2020 and signed on its behalf.


.....
S Bryden
Secretary

Cavell House
Knives Beech Way
High Wycombe
Buckinghamshire
HP10 9QY

WELLAND MEDICAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS, AS A BODY, OF WELLAND MEDICAL LIMITED

Opinion

We have audited the financial statements of Welland Medical Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 2019 and of its profit 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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 Auditors' 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.

WELLAND MEDICAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS, AS A BODY, OF WELLAND MEDICAL LIMITED (CONTINUED)

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.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, 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.

WELLAND MEDICAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS, AS A BODY, OF WELLAND MEDICAL LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

KATHARINE ARNOTT BSc FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 7 July 2020

WELLAND MEDICAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Profit and loss account			
Turnover	4	31,615,375	30,109,779
Cost of sales		(22,218,574)	(20,474,700)
Gross profit		9,396,801	9,635,079
Distribution costs		(805,111)	(789,408)
Administrative expenses		(4,669,664)	(4,227,552)
Operating profit	5	3,922,026	4,618,119
Interest receivable and similar income		12,568	15,375
Profit before tax		3,934,594	4,633,494
Tax on profit	8	(562,133)	(588,973)
Profit for the financial year		3,372,461	4,044,521

There was no other comprehensive income for 2019 (2018:£NIL).


The notes on pages 10 to 23 form part of these financial statements.

WELLAND MEDICAL LIMITED
REGISTERED NUMBER: 02170535

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	9	7,061,489	6,179,102
		<u>7,061,489</u>	<u>6,179,102</u>
Current assets			
Stocks	10	4,495,676	4,555,002
Debtors: amounts falling due within one year	11	8,751,990	8,993,783
Cash at bank and in hand		834,594	2,553,009
		<u>14,082,260</u>	<u>16,101,794</u>
Creditors: amounts falling due within one year	12	(6,571,029)	(7,262,287)
Net current assets		<u>7,511,231</u>	<u>8,839,507</u>
Total assets less current liabilities		<u>14,572,720</u>	<u>15,018,609</u>
Provisions for liabilities			
Deferred tax	13	(243,000)	(114,000)
Other provisions	14	(610,600)	(557,950)
		<u>(853,600)</u>	<u>(671,950)</u>
Net assets		<u>13,719,120</u>	<u>14,346,659</u>
Capital and reserves			
Called up share capital	15	427,500	427,500
Profit and loss account		13,291,620	13,919,159
		<u>13,719,120</u>	<u>14,346,659</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 March 2020.


.....
S L Farbrother
Director

The notes on pages 10 to 23 form part of these financial statements.

WELLAND MEDICAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	427,500	9,874,638	10,302,138
Comprehensive income for the year			
Profit for the year	-	4,044,521	4,044,521
Total comprehensive income for the year	-	4,044,521	4,044,521
At 1 January 2019	427,500	13,919,159	14,346,659
Comprehensive income for the year			
Profit for the year	-	3,372,461	3,372,461
Total comprehensive income for the year	-	3,372,461	3,372,461
Dividends: Equity capital	-	(4,000,000)	(4,000,000)
At 31 December 2019	427,500	13,291,620	13,719,120

The notes on pages 10 to 23 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Welland Medical Limited is a private company limited by shares, incorporated in England and Wales, registration number 02170535. The address of its principal place of business is Hydehurst Lane, Crawley, West Sussex, RH10 9AS.

The principal activity of the company is manufacturing and distributing medical supplies.

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 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of CliniMed (Holdings) Limited as at 31 December 2019 and these financial statements may be obtained from Companies House.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Turnover

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

Sale of goods

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

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover 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.

2.4 Foreign currency translation

Functional and presentation currency

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

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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease period.

2.6 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 the Statement of 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.

2.7 Current and deferred taxation

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

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

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

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

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

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 Tangible fixed assets

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

The company adds to the carrying amount of each fixed asset the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is written off. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

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.

The estimated useful lives range as follows:

Leasehold property	- over the remaining term of the lease
Plant and machinery	- 5-10 years
Fixtures and fittings	- 5-10 years
Computer equipment	- 5 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted accordingly 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.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, net realisable value being the estimated selling price (less trade discounts), less further 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. No element of profit is included in the valuation of work in progress.

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.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 Creditors

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

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.15 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 Statement of 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.16 Financial instruments

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

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

3. Judgements and key sources of estimation uncertainty

Management has made judgements as to the extent of any need for provisions for repairs in respect of *leased property wear and tear, or reinstatement costs*. Management has considered the nature of the work carried out by the company on its leased premises and estimated the extent to which repairs or reinstatement will be necessary at the end of the lease.

As repairs or reinstatement costs are likely to arise on expiry of the lease, a suitable provision for repairs or reinstatement has been recognised in the accounts, as detailed in note 14. The suitability of this provision will be reviewed by management annually and any events that may have a material impact will be reflected in the provision.

There are no key sources of estimation uncertainty.

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	10,491,900	10,256,207
Rest of the world	21,123,475	19,853,572
	<u>31,615,375</u>	<u>30,109,779</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Auditors' remuneration	14,250	14,250
Exchange differences	319,233	(31,231)
Other operating lease rentals	761,858	750,411
Depreciation of tangible fixed assets	1,113,610	1,057,469
	<u>1,113,610</u>	<u>1,057,469</u>

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	6,909,548	6,577,726
Social security costs	727,510	687,968
Cost of defined contribution scheme	574,196	597,159
	<u>8,211,254</u>	<u>7,862,853</u>

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

	2019 No.	2018 No.
Production	190	183
Sales and marketing	9	9
Management and administration	16	16
	<u>215</u>	<u>208</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	490,437	514,237
Company contributions to defined contribution pension schemes	52,805	109,377
	<u>543,242</u>	<u>623,614</u>

During the year retirement benefits were accruing to 5 directors (2018 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £167,064 (2018 - £162,574).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,107 (2018 - £39,613).

WELLAND MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	330,000	661,000
Adjustments in respect of previous periods	(11,867)	(70,027)
Payment for group taxation relief	115,000	39,000
Total current tax	<u>433,133</u>	<u>629,973</u>
Deferred tax		
Origination and reversal of timing differences	129,000	(41,000)
Total deferred tax	<u>129,000</u>	<u>(41,000)</u>
Taxation on profit on ordinary activities	<u>562,133</u>	<u>588,973</u>

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>3,934,594</u>	<u>4,633,494</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	747,573	880,364
Effects of:		
Expenses not deductible for tax purposes	242	7,168
Depreciation for year in excess of capital allowances	(112,851)	71,813
Fixed asset loss on disposals	-	542
Short term timing difference leading to a decrease in taxation	129,000	(41,000)
Adjustment in research and development tax credit	(72,900)	(66,000)
Patent box deduction	(125,875)	(203,657)
Changes in provisions leading to an increase in the tax charge	8,811	9,770
Adjustments to tax charge in respect of prior periods	(11,867)	(9,848)
Adjustment for research and development tax credit in respect of prior periods	-	(60,179)
Total tax charge for the year	<u><u>562,133</u></u>	<u><u>588,973</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2019	3,373,552	10,550,302	97,061	505,098	14,526,013
Additions	54,453	1,891,274	16,065	45,349	2,007,141
Disposals	-	(77,468)	-	(19,336)	(96,804)
At 31 December 2019	<u>3,428,005</u>	<u>12,364,108</u>	<u>113,126</u>	<u>531,111</u>	<u>16,436,350</u>
Depreciation					
At 1 January 2019	563,505	7,413,446	38,485	331,475	8,346,911
Charge for the year on owned assets	174,417	872,190	10,275	56,728	1,113,610
Disposals	-	(67,015)	-	(18,645)	(85,660)
At 31 December 2019	<u>737,922</u>	<u>8,218,621</u>	<u>48,760</u>	<u>369,558</u>	<u>9,374,861</u>
Net book value					
At 31 December 2019	<u>2,690,083</u>	<u>4,145,487</u>	<u>64,366</u>	<u>161,553</u>	<u>7,061,489</u>
At 31 December 2018	<u>2,810,047</u>	<u>3,136,856</u>	<u>58,576</u>	<u>173,623</u>	<u>6,179,102</u>

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Stocks

	2019 £	2018 £
Raw materials and consumables	2,262,300	2,366,833
Work in progress (goods to be sold)	623,987	484,246
Finished goods and goods for resale	1,609,389	1,703,923
	<u>4,495,676</u>	<u>4,555,002</u>

Stock recognised in cost of sales during the year as an expense was £13,047,089 (2018: £12,144,146).

11. Debtors

	2019 £	2018 £
Trade debtors	4,226,310	3,455,782
Amounts owed by group undertakings	2,397,347	2,261,615
Other debtors	67,116	40,298
Prepayments and accrued income	1,942,665	3,127,065
Tax recoverable	118,552	109,023
	<u>8,751,990</u>	<u>8,993,783</u>

12. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	952,416	1,132,814
Amounts owed to group undertakings	3,827,905	4,253,839
Other taxation and social security	156,499	156,343
Other creditors	203,411	240,415
Accruals and deferred income	1,430,798	1,478,876
	<u>6,571,029</u>	<u>7,262,287</u>

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Deferred taxation

	2019 £	2018 £
At beginning of year	(114,000)	(155,000)
Charged to profit or loss	(129,000)	41,000
At end of year	(243,000)	(114,000)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	256,000	137,000
Other timing differences	(13,000)	(23,000)
	243,000	114,000

14. Provisions

	Dilapidation provision £
At 1 January 2019	557,950
Charged to profit or loss	52,650
At 31 December 2019	610,600

15. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
427,500 (2018 - 427,500) Ordinary shares of £1 each	427,500	427,500

Ordinary shares carry equal voting rights and entitlement to distributable reserves.

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Contingent liabilities

The company is party to a Composite Account Agreement with right of set-off with other bank accounts within the CliniMed Group. At 31 December 2019, the overall aggregate was not overdrawn.

17. Capital commitments

At 31 December 2019 the Company had capital commitments as follows:

	2019 £	2018 £
Contracted for but not provided in these financial statements	-	2,536,978

18. Pension commitments

The company operates a defined contributions pension scheme. The company pays fixed contributions into an independently administered entity. Contributions totalling £1,000 (2018 - £59,928) were payable to the fund at the balance sheet date.

19. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	775,764	795,471
Later than 1 year and not later than 5 years	2,934,888	2,897,667
Later than 5 years	7,202,429	7,908,929
	<u>10,913,081</u>	<u>11,602,067</u>

20. Related party transactions

In accordance with the exemption under Financial Reporting Standard No 102, the company does not disclose transactions with other wholly-owned companies within the CliniMed Group.

21. Ultimate parent company

The directors consider that the immediate and ultimate parent company of Welland Medical Limited is CliniMed (Holdings) Limited which is registered in England. The registered office of CliniMed (Holdings) Limited is Cavell House, Knaves Beech Way, Loudwater, High Wycombe, HP10 9QY. Copies of the consolidated accounts are available from Companies House.