
SALTS HEALTHCARE LIMITED

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



SALTS HEALTHCARE LIMITED

COMPANY INFORMATION

Directors	P E Salt (passed away on 27 April 2020) P W D Salt R J Salt I G Taylor
Company secretary	I G Taylor
Registered number	00074096
Registered office	Unit 1, Ringway Business Park Richard Street Aston Birmingham B7 4AA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 20 Colmore Circus The Colmore Building Birmingham West Midlands B4 6AT
Bankers	Lloyds Bank plc 125 Colmore Row Birmingham B3 3AD
Solicitors	Gateley Plc One Eleven Edmund Street Birmingham B3 2HJ

SALTS HEALTHCARE LIMITED

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SALTS HEALTHCARE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

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

Business review

The directors review business performance on a regular basis against annual budget and our long term strategic plan. This includes preparing and monitoring monthly and annual sales and expenditure, and monitoring, amongst others, the following key performance indicators:

	2019	2018	2017
	%	%	%
Turnover growth	8.6	7.2	4.3
Gross profit margin	30.5	30.3	31.8
Net profit before taxation	9.0	7.1	9.6
EBITDA	11.0	10.8	13.6

The Group's turnover grew by £7.8 million to £98.6 million, an increase of 8.6% over 2018.

We continue to see upward pressure on labour, material and overhead costs, however continued and significant investment in our manufacturing infrastructure has improved efficiencies and helped stabilise our gross profit margin.

Net profit before taxation was £8.8 million and our net profit percentage has returned to its pre-2018 levels. EBITDA remains healthy at 11.0%, a small increase on 2018.

Gearing remains low.

Outlook

The Group is entering the final year of its current five year plan, and is on target to meet its goals.

The Group continues to look at new strategic international markets and expects to continue with its strong performance and growth outside of the UK.

The Board would like to pay tribute to our Chairman and Chief Executive Philip Salt who sadly passed away on 27 April 2020.

The Board would also like to extend our grateful thanks to all our employees for their continued and unwavering support during the current Covid-19 pandemic.

Despite the Covid-19 pandemic our turnover and business performance has remained strong in 2020. The Group continues to be well supported by its financial backers and professional advisors, which will enable it to continue with its strong financial performance, growth and planned investment strategy into the future.

SALTS HEALTHCARE LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Clinical risk

In any business developing and manufacturing medical products, there is a risk to the health and wellbeing of each patient.

The group aims to manufacture and distribute products of the highest quality. The group is regulated by the Medical Devices Authority. Clinical audits are carried out regularly to encourage continuous quality improvement and to ensure that clinical service is of the highest standard.

Economic risk

The economic risk includes the risk of increased interest rates and/or inflation having an adverse impact on served markets and the risk of increases in wages or overheads impacting adversely on competitiveness of the group and its principal customers. These risks are managed by innovative service solutions and strict control of costs.

Regulatory changes affecting the business

The industry in which the group operates is subject to regulation. Future changes in such regulation may impact the group's ability to generate income, either through decreased revenues, increased expenditure or a combination of both.

Management aim to mitigate such risks by regularly reviewing the impact of the new legislation and changing the group strategy when necessary. As a result we believe that the transition to the new legislation will have minimal impact on our revenues.

Competition

The market in which the group operates is highly competitive. As a result there is constant downwards pressure on margins and the additional risk of being unable to meet customer's expectations. The directors manage competition risk through close attention to customer service levels and product innovation.

People

The success of the group is largely dependent upon the recruitment and retention of our employees. There are training programmes and remuneration schemes in place to mitigate the risk of the absence of suitable staff resources.

Brexit

Through our trade association, the British Healthcare Trades Association (BHTA), we are working with the UK Government and others on plans to ensure that the supply of medical devices is maintained after the UK exits the European Union (EU), including in a no deal scenario.

We, at Salts Healthcare, are a UK based company who manufacture our range of stoma products here in the UK. As a responsible business, we have taken all necessary steps, in-line with guidance issued by the Department for Exiting the EU, to ensure the continuity of supply of our products in the event of a no-deal Brexit.

SALTS HEALTHCARE LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Covid-19

The current Covid-19 pandemic is considered to be a risk to the health of our employees and a risk to the supply of products to our customers.

As a manufacturer and supplier of medical appliances, the group has continued to operate during the pandemic.

The group has followed the advice and guidance of Government and has taken every precaution to safeguard the welfare of our employees through the use of PPE, supply of hand sanitiser, daily temperature testing and policy of maintaining social distancing, where possible.

We have reviewed our supply chain and, where necessary, have increased the stockholding of certain raw materials and finished goods. We also maintain a strong relationship with a local job recruitment agency to provide us with temporary staff when needed. Both measures have been taken to ensure supply of products to our customers.

The directors continue to have regular correspondence with our financial and professional advisors and continue to closely monitor our financial performance.

Financial risk management objectives and policies

The group's principal financial instruments comprise bank borrowings, finance lease and hire purchase arrangements. The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial instruments such as trade debtors and trade creditors which arise directly from its operations. The group does not enter into derivative transactions.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the group's financial instruments are liquidity risk, interest rate risk, credit risk and currency risk.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, bank and asset based lending.

Interest rate risk

The group finances its operations through a mixture of retained profits and borrowings. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Credit risk

The group trades with only recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant.

Currency risk

As a result of increased sales to customers outside the United Kingdom, the group's profits can be affected significantly by movements in euro exchange rates. In addition, the group has an overseas subsidiary operating in Ireland whose revenues and expenses are denominated in euros.

In order to protect the group's sterling balance sheet and profit and loss account from movements in the euro/sterling exchange rate, the group operates foreign currency bank accounts and loans.

SALTS HEALTHCARE LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Employee involvement

The group recognises the importance of good communication and ensures that employees are informed of matters affecting them as appropriate.

Disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The directors promote the success of Salts Healthcare Limited ('the Company') by giving due care and attention to the following elements:

Likely consequences of decisions in the long term

The Company's vision is one of 'caring, listening and innovating to improve lives' and this is underpinned by strong, core Company values.

Our aim is to continue to grow and strengthen our position as a leading manufacturer and supplier of surgical appliances in the global market place by continuing to follow our vision to innovate and produce products that will improve the lives of our customers.

The Board recognises that we need to empathise and listen to our customers to achieve this and actively interpret their needs into product and service solutions that can make a real difference to their lives.

Our vision is built into a long term, viable strategy and business plan that is agile enough to meet the needs of our customers. The business plan is underpinned by strong financial performance indicators that are monitored and measured on a monthly basis.

The directors are satisfied that the financial performance in 2019 is in line with our long term business plan and will continue its planned investment in our manufacturing infrastructure to support product innovation, manufacturing efficiency and capacity growth.

The Company is well supported in our venture by our bankers who offer continued financial support and advice when needed.

Interests of the Company's employees

The Company believe that our team is our future. We believe in investing in staff education and professional development to ensure continued success, profitability, happy customers and happy colleagues.

The Company have been accredited by Investors in People for over 20 years and in November 2019 attained the Investors in People silver award.

The Company also achieved the Health and Wellbeing Award, also accredited by Investors in People, and have an active Health and Wellbeing Committee who work with senior management to look at initiatives that will actively encourage a strong work / life balance and healthier lifestyle for all our employees.

The Company offers competitive remuneration rates and these are reviewed on an annual basis.

SALTS HEALTHCARE LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Fostering the Company's business relationships with suppliers, customers and others

The Board recognises the need to deliver quality products and service to our customers in a reliable, effective and cost efficient manner and in line with any commercial or regulatory agreement.

The Board also recognises the need to fairly treat our suppliers, honour our commitments and pay for products and services *within agreed commercial time scales, thereby fostering a strong, reliable and responsive supply chain* to ultimately serve the needs of our customers.

Impact of the Company's operations on the community and the environment

The Company recognises that its activities can impact on the environment and has set up our 'Green Promise' environmental policy and associated environmental system to provide a framework for the setting and achievement of our environmental objectives that ultimately seek to minimise the Company's impact on the environment.

We aim to continually improve our environmental management system to enhance our environmental performance.

We are committed to the protection of the environment, including the prevention of pollution and other issues relevant to the Company's environment aspects, and are equally committed to fulfilling our compliance obligations and maintaining compliance with all relevant environmental legislation.

In 2019, the Company launched a 'changing lives' initiative to encourage our employees to submit donations, raise money and give their time by volunteering and playing an active part in the local community. All funds raised are matched by the Company, and donations and money are subsequently made to a number of local charities including the Birmingham Mission, St Basil's homeless charity, Acorns and the Birmingham Food Bank.

The Company has provided careers advice to a number of local high schools in the area on the nursing profession.

The Company is a key player in the West Midlands Institute of Technology, where through our learning and development team local students have had access to our in house engineering and technical teams to obtain knowledge, skills and real life experiences to further their future career prospects.

Desirability of the Company maintaining a reputation for high standards of business conduct

The Company is a member of the British Healthcare Trade Association (BHTA) and closely follows the BHTA Code of Practice, which incorporates the MedTech Europe Code of Ethical Business Practice.

The Board appraises its own performance and that of its employees and strategic partners in accordance with the Code.

The Board have appointed a strong senior management team and is confident that it has the right composition to deliver its long term strategy to the benefit of its employees, customers and shareholders.

SALTS HEALTHCARE LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

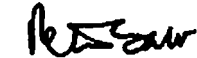
Need to act fairly between members of the Company

At 31 December 2019, the Company had a single class of issued ordinary shares split equally between 3 shareholders, who are all family members and all Directors of the Company.

All members are treated equally by the Company and have equal control.

On 27 April 2020, Mr P E S Salt sadly passed away. His shareholding will ultimately be held in trust for his family, and it is agreed that regular shareholders meetings will be held with Company representatives to update all members on the activities and finances of the Company.

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



P W D Salt

Director

Date: 26 November 2020

SALTS HEALTHCARE 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.

Results and dividends

The profit for the year, after taxation, amounted to £6,917,604 (2018 - £5,146,209).

The directors have paid a dividend of £2,250,000 during the year (2018: £1,950,000).

Directors

The directors who served during the year and subsequently were:

P E Salt (passed away on 27 April 2020)

P W D Salt

R J Salt

I G Taylor

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and profit or loss of the Group 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 Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charitable donations

Donations to charitable organisations amounted to £29,912 (2018: £32,145).

SALTS HEALTHCARE LIMITED

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

Qualifying third party indemnity provisions

The parent company has provide qualifying indemnity provisions in respect of its directors which were in force during the year at the date of this report.

Qualifying indemnity insurance was in place for the directors during the year which was also in place at the date of the report.

Going concern

The directors believe that it is appropriate to adopt the Going Concern basis of accounting in preparation of the financial statements.

The directors have prepared detailed profit and cash flow forecasts for the period to December 2021 and have considered reasonable, possible scenarios including the impact of Covid-19.

The impact on the company of the recent Covid-19 global pandemic has been fully considered as part of the Directors' review of the going concern basis of preparation. Revenue, margins and costs within the forecast have been adjusted, as appropriate to reflect the Covid-19 impact.

It is the directors opinion that these detailed forecasts show that the Group will have sufficient liquid resources through both self-generated means and through current, agreed facilities, to meet its liabilities as they fall due.

The Group's fixed costs take into account amounts recoverable under the HMRC Job Retention Scheme for a small number of staff who have been furloughed. No other financial support announced by the UK Government for Covid-19 funding has been included within the forecasts, nor deemed necessary. The Group recognises that it would qualify for UK Government financial Covid-19 funding support if it were required.

Matters covered in the strategic report

A review of the business, business outlook, principal risks and uncertainties, financial risks management objectives and policies and a discussion of principal risks and uncertainties, financial risk management, employee involvement, disabled persons and statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 have been included within the Strategic Report.

Disclosure of information to auditor

The directors confirmed that:

- so far as each director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

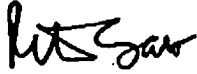
Auditor

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

SALTS HEALTHCARE LIMITED

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

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



P W D Salt
Director

Date: 26 November 2020



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALTS HEALTHCARE LIMITED

Opinion

We have audited the financial statements of Salts Healthcare Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Group's and of the parent company's affairs as at 31 December 2019 and of the Group's 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's or the parent company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's or the parent company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALTS HEALTHCARE LIMITED
(CONTINUED)**

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 Group's or the parent 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's or the parent company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Group's or the parent company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

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 Group and the parent company will continue in operation.

Other information

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

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

We have nothing to report in this regard.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALTS HEALTHCARE LIMITED
(CONTINUED)**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 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 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 Group's and the parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALTS HEALTHCARE LIMITED
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



David P White
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

26 November 2020

SALTS HEALTHCARE LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	98,611,719	90,782,876
Cost of sales		(68,559,773)	(63,296,224)
Gross profit		30,051,946	27,486,652
Distribution costs		(4,914,020)	(4,812,879)
Administrative expenses		(16,192,123)	(16,163,606)
Operating profit	5	8,945,803	6,510,167
Interest receivable and similar income	9	6,163	24,690
Interest payable and similar expenses	10	(122,772)	(119,072)
Other finance income		(2,000)	(8,000)
Profit before tax		8,827,194	6,407,785
Tax on profit	12	(1,909,590)	(1,261,576)
Profit for the financial year		6,917,604	5,146,209
Profit for the year attributable to:			
Owners of the parent		6,917,604	5,146,209
		6,917,604	5,146,209

All of the Group's activities are classified as continuing.

The notes on pages 26 to 57 form part of these financial statements.

SALTS HEALTHCARE LIMITED

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

	Note	2019 £	2018 £
Profit for the financial year		6,917,604	5,146,209
Other comprehensive income			
Actuarial gain on defined benefit schemes	31	189,000	5,000
Movement on deferred tax relating to pension schemes		(81,000)	(45,000)
Other comprehensive income/(loss) for the year		108,000	(40,000)
Total comprehensive income for the year		<u>7,025,604</u>	<u>5,106,209</u>
Profit for the year attributable to:			
Owners of the parent company		6,917,604	5,146,209
		<u>6,917,604</u>	<u>5,146,209</u>
Total comprehensive income attributable to:			
Owners of the parent company		7,025,604	5,106,209
		<u>7,025,604</u>	<u>5,106,209</u>

The notes on pages 26 to 57 form part of these financial statements.

SALTS HEALTHCARE LIMITED
REGISTERED NUMBER:00074096

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	175,689	157,227
Tangible assets	15	26,188,734	23,851,426
Investment property	17	1,100,000	1,100,000
		<u>27,464,423</u>	<u>25,108,653</u>
Current assets			
Pension asset	31	109,000	-
Stocks	18	12,466,543	9,099,865
Debtors: amounts falling due within one year	19	16,164,101	15,879,101
Cash at bank and in hand	20	6,874,199	7,885,474
		<u>35,613,843</u>	<u>32,864,440</u>
Creditors: amounts falling due within one year	21	(17,027,238)	(16,945,825)
Net current assets		<u>18,586,605</u>	<u>15,918,615</u>
Total assets less current liabilities		<u>46,051,028</u>	<u>41,027,268</u>
Creditors: amounts falling due after more than one year	22	(3,078,865)	(3,030,586)
Provisions for liabilities			
Deferred taxation	26	(1,155,339)	(718,462)
Pension liability	31	-	(237,000)
Net assets		<u><u>41,816,824</u></u>	<u><u>37,041,220</u></u>

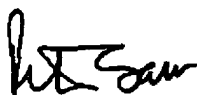
SALTS HEALTHCARE LIMITED
REGISTERED NUMBER:00074096

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital	27	49,975	49,975
Revaluation reserve	28	953,500	953,500
Capital redemption reserve	28	19,191	19,191
Profit and loss account	28	40,794,158	36,018,554
		<u>41,816,824</u>	<u>37,041,220</u>

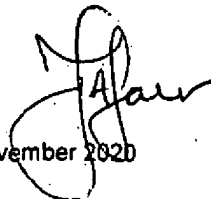
The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P W D Salt
Director



Date: 26 November 2020

R J Salt
Director



Date: 26 November 2020

The notes on pages 26 to 57 form part of these financial statements.

SALTS HEALTHCARE LIMITED
REGISTERED NUMBER:00074096

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	175,689	157,227
Tangible assets	15	25,706,315	23,341,302
Investments	16	5,807,570	5,807,570
Investment property	17	1,100,000	1,100,000
		<u>32,789,574</u>	<u>30,406,099</u>
Current assets			
Pension asset	31	109,000	-
Stocks	18	11,632,787	8,546,886
Debtors: amounts falling due within one year	19	15,839,263	14,978,994
Cash at bank and in hand	20	5,271,940	6,355,083
		<u>32,852,990</u>	<u>29,880,963</u>
Creditors: amounts falling due within one year	21	(16,373,937)	(16,257,292)
Net current assets		<u>16,479,053</u>	<u>13,623,671</u>
Total assets less current liabilities		<u>49,268,627</u>	<u>44,029,770</u>
Creditors: amounts falling due after more than one year	22	(3,078,865)	(3,028,222)
Provisions for liabilities			
Deferred taxation	26	(1,165,546)	(730,246)
Pension liability	31	-	(237,000)
Net assets		<u><u>45,024,216</u></u>	<u><u>40,034,302</u></u>

SALTS HEALTHCARE LIMITED
REGISTERED NUMBER:00074096

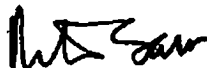
COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

		31 December 2019 £	31 December 2018 £
	Note		
Capital and reserves			
Called up share capital	27	49,975	49,975
Revaluation reserve	28	953,500	953,500
Capital redemption reserve	28	19,191	19,191
Profit and loss account	28	44,001,550	39,011,636
		<u>45,024,216</u>	<u>40,034,302</u>

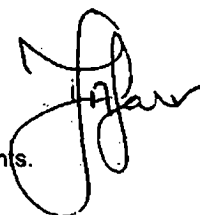
The company has taken advantage of the exception allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £7,131,914 (2018: £6,185,072).

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

P W D Salt
Director



R J Salt
Director



The notes on pages 26 to 57 form part of these financial statements.

SALTS HEALTHCARE LIMITED

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

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	49,975	19,191	953,500	36,018,554	37,041,220
Comprehensive income for the year					
Profit for the year	-	-	-	6,917,604	6,917,604
Actuarial gains on pension scheme	-	-	-	108,000	108,000
Total comprehensive income for the year	-	-	-	7,025,604	7,025,604
Transactions with owners					
Dividends (see note 13)	-	-	-	(2,250,000)	(2,250,000)
Total transactions with owners	-	-	-	(2,250,000)	(2,250,000)
At 31 December 2019	49,975	19,191	953,500	40,794,158	41,816,824

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	49,975	19,191	903,500	32,912,345	33,885,011
Comprehensive income for the year					
Profit for the year	-	-	-	5,146,209	5,146,209
Actuarial losses on pension scheme	-	-	-	(40,000)	(40,000)
Transfer between reserves	-	-	50,000	(50,000)	-
Total comprehensive income for the year	-	-	50,000	5,056,209	5,106,209
Transactions with owners					
Dividends (see note 13)	-	-	-	(1,950,000)	(1,950,000)
Total transactions with owners	-	-	-	(1,950,000)	(1,950,000)
At 31 December 2018	49,975	19,191	953,500	36,018,554	37,041,220

The notes on pages 26 to 57 form part of these financial statements.

SALTS HEALTHCARE LIMITED

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

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	49,975	19,191	953,500	39,011,636	40,034,302
Comprehensive income for the year					
Profit for the year	-	-	-	7,131,914	7,131,914
Actuarial gains on pension scheme	-	-	-	108,000	108,000
Total comprehensive income for the year	-	-	-	7,239,914	7,239,914
Transactions with owners					
Dividends	-	-	-	(2,250,000)	(2,250,000)
Total transactions with owners	-	-	-	(2,250,000)	(2,250,000)
At 31 December 2019	49,975	19,191	953,500	44,001,550	45,024,216

The notes on pages 26 to 57 form part of these financial statements.

SALTS HEALTHCARE LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	49,975	19,191	903,500	34,866,564	35,839,230
Comprehensive income for the year					
Profit for the year	-	-	-	6,185,072	6,185,072
Actuarial losses on pension scheme	-	-	-	(40,000)	(40,000)
Transfer between reserves	-	-	50,000	(50,000)	-
Total comprehensive income for the year	-	-	50,000	6,095,072	6,145,072
Transactions with owners					
Dividends	-	-	-	(1,950,000)	(1,950,000)
Total transactions with owners	-	-	-	(1,950,000)	(1,950,000)
At 31 December 2018	49,975	19,191	953,500	39,011,636	40,034,302

The notes on pages 26 to 57 form part of these financial statements.

SALTS HEALTHCARE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	6,917,604	5,146,209
Adjustments for:		
Amortisation of intangible assets (see note 14)	42,610	1,538,600
Depreciation of tangible assets (see note 15)	1,857,022	1,753,758
Loss on disposal of tangible assets	(17,729)	38,456
Interest paid	122,772	119,072
Interest received	(6,163)	(24,690)
Taxation charge (see note 12)	1,909,590	1,261,576
(Increase) in stocks	(3,366,678)	(1,071,602)
(Increase) in debtors	(285,000)	(187,860)
(Decrease)/increase in creditors	(429,627)	1,135,744
(Decrease) in net pension liabilities	(240,000)	(240,000)
Net fair value (gains) on investment properties recognised in profit or loss	-	(50,000)
Corporation tax (paid)	(1,127,288)	(1,528,661)
Other finance costs	2,000	8,000
Net cash generated from operating activities	5,379,113	7,898,602
Cash flows from investing activities		
Purchase of intangible fixed assets (see note 14)	(61,072)	(39,528)
Purchase of tangible fixed assets (see note 15)	(2,782,054)	(9,255,234)
Sale of tangible fixed assets	33,609	36,050
Interest received	6,163	24,690
Hire purchase interest paid	(14,921)	(37,608)
Net cash utilised in investing activities	(2,818,275)	(9,271,630)

SALTS HEALTHCARE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from financing activities		
Advancement of loans	-	4,000,000
Repayment of loans	(837,500)	(1,250,000)
Repayment of/new finance leases	(376,762)	(1,057,007)
Dividends paid (see note 13)	(2,250,000)	(1,950,000)
Interest paid	(107,851)	(81,464)
Net cash used in financing activities	<u>(3,572,113)</u>	<u>(338,471)</u>
Net (decrease) in cash and cash equivalents	<u>(1,011,275)</u>	<u>(1,711,499)</u>
Cash and cash equivalents at beginning of year	7,885,474	9,596,973
Cash and cash equivalents at the end of year	<u><u>6,874,199</u></u>	<u><u>7,885,474</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,874,199	7,885,474
	<u><u>6,874,199</u></u>	<u><u>7,885,474</u></u>

The notes on pages 26 to 57 form part of these financial statements.

SALTS HEALTHCARE LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	At 1 January 2019 £	Cash flows £	New finance leases £	Reclassification £	At 31 December 2019 £
Cash at bank and in hand	7,885,474	(1,011,275)	-	-	6,874,199
Bank loan due after 1 year	(3,000,000)	-	-	800,000	(2,200,000)
Bank loan due within 1 year	(838,500)	837,500	-	(800,000)	(801,000)
Finance leases	(323,204)	376,762	(1,428,156)	-	(1,374,598)
	<u>3,723,770</u>	<u>202,987</u>	<u>(1,428,156)</u>	<u>-</u>	<u>2,498,601</u>

The notes on pages 26 to 57 form part of these financial statements.

SALTS HEALTHCARE LIMITED

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

1. General information

Salts Healthcare Limited is a company limited by shares and incorporated in England and Wales. Its registered head office is located at Unit 1, Ringway Business Park, Richard Street, Aston, Birmingham, B7 4AA.

The principal activity of the Group is the provision of healthcare services and the sale of ostomy products manufactured by its parent company.

The financial statements are presented in Sterling (£).

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 UK and the Republic of Ireland and the Companies Act 2006.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation of the group and the parent company would be identical;
- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of group as a whole;
- The requirement to present related party disclosures between parent company and fellow subsidiaries where ownership is all 100%; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

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

The Group financial statements consolidate the financial statements of Salts Healthcare Limited and all its subsidiary undertakings drawn up to 31 December each year.

The following principal accounting policies have been applied:

SALTS HEALTHCARE LIMITED

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

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The directors believe that it is appropriate to adopt the Going Concern basis of accounting in preparation of the financial statements.

The directors have prepared detailed profit and cash flow forecasts for the period to December 2021 and have considered reasonable, possible scenarios including the impact of Covid-19.

The impact on the company of the recent Covid-19 global pandemic has been fully considered as part of the Directors' review of the going concern basis of preparation. Revenue, margins and costs within the forecast have been adjusted, as appropriate to reflect the Covid-19 impact.

It is the directors opinion that these detailed forecasts show that the Group will have sufficient liquid resources through both self-generated means and through current, agreed facilities, to meet its liabilities as they fall due.

The Group's fixed costs take into account amounts recoverable under the HMRC Job Retention Scheme for a small number of staff who have been furloughed. No other financial support announced by the UK Government for Covid-19 funding has been included within the forecasts, nor deemed necessary. The Group recognises that it would qualify for UK Government financial Covid-19 funding support if it were required.

2.4 Revenue

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

Sale of goods

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

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group 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.

SALTS HEALTHCARE LIMITED

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

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Income Statement over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Freehold property	- 2% per annum
Freehold improvements	- 2% per annum
Leasehold improvements	- 10%
Plant & machinery	- 10% - 25% per annum
Motor vehicles	- 25% per annum

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the profit and loss account 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 January 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

SALTS HEALTHCARE LIMITED

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

2. Accounting policies (continued)

2.8 Research and development

Research and development expenditure is charged to profit or loss in the period in which it is incurred.

2.9 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.11 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 reporting 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.

2.12 Debtors

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

2.13 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

SALTS HEALTHCARE LIMITED

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

2. Accounting policies (continued)

2.14 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of *financial assets and liabilities like trade and other debtors, trade and other creditors, amounts due to and from group undertakings, bank loans, obligations under finance lease and hire purchase contracts and other creditors.*

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.

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 profit or loss.

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 Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 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.

SALTS HEALTHCARE LIMITED

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

2. Accounting policies (continued)

2.16 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.17 Finance costs

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

2.18 Dividends

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

SALTS HEALTHCARE LIMITED

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

2. Accounting policies (continued)

2.19 Pensions

Defined contribution pension plan

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

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

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.20 Interest income

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

SALTS HEALTHCARE LIMITED

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

2. Accounting policies (continued)

2.21 Borrowing costs

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

2.22 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

2.23 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

SALTS HEALTHCARE LIMITED

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

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

The liabilities in respect of the defined benefit pension scheme are calculated by qualified actuaries and received by the Group. The principal uncertainty relates to the estimation of the discount rate, life expectations of scheme members, future investment yields and general market conditions for factors such as inflation and interest rates. The specific assumptions adopted are disclosed in detail in note 31.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material misstatement to the carrying amounts of assets and liabilities within the financial year.

4. Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	77,086,924	72,490,563
Rest of the world	21,524,795	18,292,313
	<u>98,611,719</u>	<u>90,782,876</u>

5. Operating profit

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

	2019 £	2018 £
Depreciation of tangible fixed assets - finance lease	76,536	90,020
Depreciation of tangible fixed assets- owned assets	1,780,486	1,663,738
Amortisation of intangible assets (see note 14)	42,610	1,538,600
(Profit)/loss on disposals of fixed assets	(17,729)	38,456
Other operating lease rentals	<u>1,275,495</u>	<u>1,210,467</u>

SALTS HEALTHCARE LIMITED

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

6. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	49,950	47,450
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	15,050	10,400
Tax advisory services	9,750	7,850
Other taxation services	9,500	8,500
Account preparation services	2,000	2,000

7. Employees and directors

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

	Group 2019	Group 2018
	£	£
Wages and salaries	20,829,317	19,745,616
Social security costs	2,240,491	2,125,412
Cost of defined contribution scheme	697,090	751,929
	23,766,898	22,622,957

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

	2019	2018
	No.	No.
Production and distribution	359	355
Management and administration	265	268
	624	623

SALTS HEALTHCARE LIMITED

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

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	2,474,389	2,267,015
Company contributions to defined contribution pension schemes	10,000	60,000
	<u>2,484,389</u>	<u>2,327,015</u>

During the year retirement benefits were accruing to 4 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £722,342 (2018 - £643,705).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2018 - £10,000).

9. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>6,163</u>	<u>24,690</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	102,717	77,419
Finance leases and hire purchase contracts	14,921	37,608
Other interest payable	5,134	4,045
	<u>122,772</u>	<u>119,072</u>

11. Other finance costs

	2019 £	2018 £
Net interest on defined benefit liability	<u>2,000</u>	<u>8,000</u>

SALTS HEALTHCARE LIMITED

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

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	1,213,448	1,259,857
Adjustments in respect of previous periods	154,589	(174,898)
	<u>1,368,037</u>	<u>1,084,959</u>
Foreign tax		
Foreign tax on income for the year	104,676	85,478
	<u>104,676</u>	<u>85,478</u>
Total current tax	<u>1,472,713</u>	<u>1,170,437</u>
Deferred tax		
Origination and reversal of timing differences	333,399	126,054
Adjustments in respect of prior periods	103,478	(34,915)
Total deferred tax	<u>436,877</u>	<u>91,139</u>
Taxation on profit on ordinary activities	<u>1,909,590</u>	<u>1,261,576</u>

SALTS HEALTHCARE LIMITED

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

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

The tax assessed for the year is higher than (2018 - *higher 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>8,827,194</u>	<u>6,407,785</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,677,168	1,217,479
Effects of:		
Expenses not deductible for tax purposes	78,160	200,969
Adjustments to tax charge in respect of prior periods - current tax	154,589	(174,898)
Foreign tax - other	(21,202)	(43,216)
Fixed asset differences	37,751	123,958
Income not taxable for tax purposes	-	(33,438)
Adjustment to tax charge in respect of prior periods - deferred tax	103,478	(34,915)
Adjustment to deferred tax	(47,762)	(19,443)
Deferred tax not recognised	(72,590)	-
Research and development expenditure credits	-	25,080
Other differences	(2)	-
Total tax charge for the year	<u><u>1,909,590</u></u>	<u><u>1,261,576</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

In the Spring Budget 2020, the Government announced that from 1 April 2020, the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was substantially enacted on 17 March 2020. As the proposal to keep the rate 19% has not been substantively enacted at the Statement of financial position date, its effects were not included in these financial statements.

SALTS HEALTHCARE LIMITED

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

13. Dividends

	2019 £	2018 £
Dividends paid - ordinary shares	<u>2,250,000</u>	<u>1,950,000</u>

14. Intangible assets**Group**

	Patents £	Goodwill £	Total £
Cost			
At 1 January 2019	540,984	8,653,621	9,194,605
Additions	61,072	-	61,072
At 31 December 2019	<u>602,056</u>	<u>8,653,621</u>	<u>9,255,677</u>
Amortisation			
At 1 January 2019	383,757	8,653,621	9,037,378
Charge for the year	42,610	-	42,610
At 31 December 2019	<u>426,367</u>	<u>8,653,621</u>	<u>9,079,988</u>
Net book value			
At 31 December 2019	<u>175,689</u>	<u>-</u>	<u>175,689</u>
At 31 December 2018	<u>157,227</u>	<u>-</u>	<u>157,227</u>

SALTS HEALTHCARE LIMITED

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

14. Intangible assets (continued)

Company

	Patents £	Goodwill £	Total £
Cost			
At 1 January 2019	540,984	4,369,174	4,910,158
Additions	61,072	-	61,072
At 31 December 2019	<u>602,056</u>	<u>4,369,174</u>	<u>4,971,230</u>
Amortisation			
At 1 January 2019	383,757	4,369,174	4,752,931
Charge for the year	42,610	-	42,610
At 31 December 2019	<u>426,367</u>	<u>4,369,174</u>	<u>4,795,541</u>
Net book value			
At 31 December 2019	<u>175,689</u>	<u>-</u>	<u>175,689</u>
At 31 December 2018	<u>157,227</u>	<u>-</u>	<u>157,227</u>

SALTS HEALTHCARE LIMITED

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

15. Tangible fixed assets

Group

	Freehold land & buildings £	Freehold property improvements £	Leasehold property improvements £	Plant & machinery £	Motor vehicles £	Plant under construction £	Total £
Cost							
At 1 January 2019	3,440,638	3,463,240	6,064,488	22,522,400	317,669	3,586,260	39,394,695
Additions	-	10,206	378,708	1,834,541	55,943	1,930,812	4,210,210
Transfers	-	-	-	213,400	-	(213,400)	-
Disposals	-	-	-	(976,773)	(79,766)	-	(1,056,539)
At 31 December 2019	3,440,638	3,473,446	6,443,196	23,693,568	293,846	5,303,672	42,548,366
Depreciation							
At 1 January 2019	789,000	680,143	921,676	12,941,781	210,669	-	15,643,269
Charge for the year	68,813	73,110	55,346	1,609,392	50,361	-	1,857,022
Disposals	-	-	-	(970,433)	(70,226)	-	(1,040,659)
At 31 December 2019	857,813	753,253	977,022	13,580,740	190,804	-	16,359,632
Net book value							
At 31 December 2019	2,582,825	2,720,193	5,466,174	10,012,828	103,042	5,303,672	26,188,734
At 31 December 2018	2,651,638	2,783,097	5,142,812	9,580,619	107,000	3,586,260	23,851,426

SALTS HEALTHCARE LIMITED

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

15. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	1,389,863	851,381
Motor vehicles	90,045	73,570
	<u>1,479,908</u>	<u>924,951</u>

SALTS HEALTHCARE LIMITED

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

15. Tangible fixed assets (continued)

Company

	Freehold land & buildings £	Freehold property improvements £	Leasehold property improvements £	Plant & machinery £	Motor vehicles £	Plant under construction £	Total £
Cost							
At 1 January 2019	2,964,708	3,338,116	6,064,488	22,353,579	288,680	3,586,260	38,695,831
Additions	-	10,206	378,708	1,833,666	56,943	1,930,812	4,209,326
Transfers	-	-	-	213,400	-	(213,400)	-
Disposals	-	-	-	(976,773)	(79,766)	-	(1,056,539)
At 31 December 2019	2,964,708	3,348,322	6,443,196	23,423,862	264,857	5,303,672	41,748,617
Depreciation							
At 1 January 2019	702,612	649,076	921,676	12,783,783	197,382	-	15,254,529
Charge for the year	59,295	66,853	55,346	1,603,824	43,114	-	1,828,432
Disposals	-	-	-	(970,433)	(70,226)	-	(1,040,669)
At 31 December 2019	761,907	715,929	977,022	13,417,174	170,270	-	16,042,302
Net book value							
At 31 December 2019	2,202,801	2,632,393	5,466,174	10,006,688	94,587	5,303,672	25,706,315
At 31 December 2018	2,262,096	2,689,040	5,142,812	9,569,796	91,298	3,586,260	23,341,302

SALTS HEALTHCARE LIMITED

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

15. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	1,389,863	851,381
Motor vehicles	81,590	57,868
	<u>1,471,453</u>	<u>909,249</u>

16. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost	
At 1 January 2019 and 31 December 2019	<u>5,807,570</u>
Net book value	
At 31 December 2019	<u>5,807,570</u>
At 31 December 2018	<u>5,807,570</u>

SALTS HEALTHCARE LIMITED

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

16. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Salts Healthcare (Ireland) Limited	Ireland	Sale of surgical products	Ordinary	100%
Moorland Surgical Supplies Limited	United Kingdom	Sale of surgical products and provision of healthcare services	Ordinary	100%
Lifedelta Limited	United Kingdom	Dormant	Ordinary	100%
U.C.I. Healthcare Limited	United Kingdom	Dormant	Ordinary	100%
Midlands Orthopaedic Supplies Limited	United Kingdom	Dormant	Ordinary	100%
Salt & Son (Scotland) Limited	United Kingdom	Dormant	Ordinary	100%
Saltostomy Limited	United Kingdom	Dormant	Ordinary	100%
Salt & Son Limited	United Kingdom	Dormant	Ordinary	100%
Rcare (Midlands) Limited	United Kingdom	Dormant	Ordinary	100%
West Country Medical Limited	United Kingdom	Dormant	Ordinary	100%

17. Investment property**Group and Company**

	Freehold investment property £
Valuation	
At 1 January 2019	1,100,000
At 31 December 2019	1,100,000

The 2019 valuations were made by the directors of the Group based on the online valuation and sale prices of similar properties in the same area as well as current market conditions. There has not been a material change in the value of investment property, on an open market value for existing basis.

SALTS HEALTHCARE LIMITED

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

18. Stocks

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Raw materials and consumables	2,895,726	2,136,964	2,895,726	2,136,964
Work in progress	806,037	518,882	806,037	518,882
Finished goods and goods for resale	8,764,780	6,444,019	7,931,024	5,891,040
	<u>12,466,543</u>	<u>9,099,865</u>	<u>11,632,787</u>	<u>8,546,886</u>

Stocks recognised in cost of sales during the financial year as an expense was £54,842,019 (2018: £49,748,942).

A stock provision of £60,009 (2018: £75,158) was recognised in cost of sales against stock during the year.

The difference between purchase price or production cost of stocks and their replacement cost is not material.

19. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	15,142,378	14,843,326	14,090,242	13,803,204
Amounts owed by group undertakings	-	-	753,568	208,038
Other debtors	132,850	214,007	128,702	165,545
Prepayments and accrued income	888,873	821,768	866,751	802,207
	<u>16,164,101</u>	<u>15,879,101</u>	<u>15,839,263</u>	<u>14,978,994</u>

The amounts owed by group undertakings are unsecured, interest free and have no fixed repayment terms.

Provision for bad debts of £Nil (2018: £Nil) was recognised against trade debtors.

20. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	6,874,199	7,885,474	5,271,940	6,355,083

SALTS HEALTHCARE LIMITED

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

21. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans (see note 23)	801,000	838,500	801,000	838,500
Trade creditors	9,089,377	9,364,934	8,329,653	8,436,141
Amounts owed to group undertakings	-	-	266,313	345,978
Corporation tax	828,239	482,814	740,672	445,983
Other taxation and social security	1,745,411	1,421,356	1,715,267	1,394,226
Obligations under finance lease and hire purchase contracts (see note 24)	495,733	292,618	493,559	283,921
Other creditors	2,617,094	2,906,965	2,615,847	2,905,971
Accruals and deferred income	1,450,384	1,638,638	1,411,626	1,606,572
	<u>17,027,238</u>	<u>16,945,825</u>	<u>16,373,937</u>	<u>16,257,292</u>

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	2,200,000	3,000,000	2,200,000	3,000,000
Net obligations under finance leases and hire purchase contracts	878,865	30,586	878,865	28,222
	<u>3,078,865</u>	<u>3,030,586</u>	<u>3,078,865</u>	<u>3,028,222</u>

Finance lease obligations are secured against the assets to which they relate.

SALTS HEALTHCARE LIMITED

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

23. Loans

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts falling due within one year				
Bank loans	801,000	838,500	801,000	838,500
Amounts falling due 1-2 years				
Bank loans	800,000	800,000	800,000	800,000
Amounts falling due 2-5 years				
Bank loans	1,400,000	2,200,000	1,400,000	2,200,000
	<u>3,001,000</u>	<u>3,838,500</u>	<u>3,001,000</u>	<u>3,838,500</u>

The bank loans are secured by a fixed and floating charge over the company's properties, stock and book and other debts, and a floating charge on the company and all its assets.

The bank loans attract an interest of 2.25% in addition to LIBOR and regulatory cost rate.

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Within one year	495,733	292,618	493,559	283,921
Between 1-5 years	878,865	30,586	878,865	28,222
	<u>1,374,598</u>	<u>323,204</u>	<u>1,372,424</u>	<u>312,143</u>

SALTS HEALTHCARE LIMITED

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

25. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Cash at bank and in hand	6,874,199	7,885,474	5,271,940	6,355,083
Financial assets that are debt instruments measured at amortised cost	15,275,228	15,057,333	14,972,512	14,176,787
	<u>22,149,427</u>	<u>22,942,807</u>	<u>20,244,452</u>	<u>20,531,870</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(17,532,453)	(18,072,243)	(16,996,863)	(17,445,305)

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

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, net obligations under finance lease and hire purchase contracts, other creditors and accruals.

SALTS HEALTHCARE LIMITED

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

26. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	(718,462)	(627,323)
Charged to profit and loss	(436,877)	(91,139)
At end of year	(1,155,339)	(718,462)

Company

	2019 £	2018 £
At beginning of year	(730,246)	(639,664)
Credited to profit or loss	(435,300)	(90,582)
At end of year	(1,165,546)	(730,246)

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Fixed asset timing differences	(1,164,371)	(725,765)	(1,174,380)	(737,549)
Other timing differences	9,032	7,303	8,834	7,303
	(1,155,339)	(718,462)	(1,165,546)	(730,246)

SALTS HEALTHCARE LIMITED

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

27. Share capital

	2019 £	2018 £
Authorised		
80,834 (2018 - 80,834) ordinary shares of £1.00 each	80,834	80,834
19,166 (2018 - 19,166) 4.2% preference shares of £1.00 each	19,166	19,166
	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
49,975 (2018 - 49,975) ordinary shares of £1.00 each	49,975	49,975
	<u>49,975</u>	<u>49,975</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

28. Reserves

Revaluation reserve

The revaluation reserve contains all current and prior period valuation movements on fixed assets.

Capital redemption reserve

The capital redemption reserve contains share capital redeemed using retained earnings.

Profit & loss account

The profit and loss account contains all current and prior period retained earnings.

29. Contingent liabilities

There were no contingent liabilities at 31 December 2019 or 31 December 2018.

30. Capital commitments

At 31 December 2019 the Group and company had capital commitments as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Contracted for but not provided in these financial statements	830,486	1,643,216	830,486	1,643,216
	<u>830,486</u>	<u>1,643,216</u>	<u>830,486</u>	<u>1,643,216</u>

SALTS HEALTHCARE LIMITED

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

31. Pension commitments*Defined contribution scheme*

The company operates a defined contribution scheme for the benefit of certain directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

Defined benefit scheme

The company operates a defined benefit pension scheme in the UK, the Salt & Son Limited (1982) Pension Scheme, for the benefit of certain employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The most recent valuation prior to the year end was 1 January 2018. The actuarial value of the assets at 1 January 2018 was £4,660,000 against a liability of £4,759,000. Accordingly, the full actuarial valuation as at 1 January 2018 shows a deficit of £99,000. The valuation of the scheme has been updated to 1 January 2018 by a qualified independent actuary. The company and group have agreed to increase contributions to eliminate this liability.

Pension costs are assessed in accordance with the advice of a professionally qualified actuary using the projected unit method.

The Group operates a Defined Benefit Pension Scheme.

Reconciliation of present value of plan liabilities:

	2019 £	2018 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	4,771,000	5,163,000
Interest cost	136,000	132,000
Actuarial losses/(gains)	90,000	(92,000)
Benefits paid	(149,000)	(161,000)
Change in accounting basis	483,000	(271,000)
At the end of the year	5,331,000	4,771,000

SALTS HEALTHCARE LIMITED

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

31. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2019 £	2018 £
At the beginning of the year	4,478,000	4,633,000
Interest income	134,000	124,000
Contributions	240,000	240,000
Benefits paid	(149,000)	(161,000)
Actual return on plan assets less interest income	701,000	(328,000)
Change in accounting basis	61,000	(30,000)
At the end of the year	5,465,000	4,478,000

Composition of plan assets:

	2019 £	2018 £
UK equities	2,000,000	1,734,000
Overseas equities	706,000	541,000
Property	183,000	91,000
Corporate bonds	963,000	793,000
Cash	184,000	131,000
Insured pensioner policies	975,000	920,000
Private equity	67,000	52,000
Gifts	387,000	216,000
Total plan assets	5,465,000	4,478,000

	2019 £	2018 £
Fair value of plan assets	5,465,000	4,478,000
Present value of plan liabilities	(5,331,000)	(4,771,000)
Deferred tax on pension liability	(25,000)	56,000
Net pension scheme liability	109,000	(237,000)

SALTS HEALTHCARE LIMITED

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

31. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2019 £	2018 £
Interest on obligation	(2,000)	(8,000)
Total	(2,000)	(8,000)

The cumulative amount of actuarial gain recognised in the Consolidated Statement of Comprehensive Income was £108,000 (2018: actuarial loss of £40,000).

The Group expects to contribute £240,000 to its Defined Benefit Pension Scheme in 2020.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2019 %	2018 %
Discount rate	2.00%	2.90%
Future pension increases	1.90%	2.25%
Inflation assumption	2.90%	3.25%
Rate of increase in pensions in payment for:		
- Pre 6 April 1997 Service, where applicable	3.00%	3.00%
- Service from 6 April 1997 to 31 March 2003	3.05%	3.40%
- Service from 1 April 2003 to 5 April 2005	2.90%	3.25%
- Post 5 April 2005 service	2.50%	2.50%

SALTS HEALTHCARE LIMITED

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

31. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2019 £	2018 £	2017 £	2016 £	2015 £
Defined benefit obligation	(5,331,000)	(4,771,000)	(5,163,000)	(5,339,000)	(4,143,000)
Scheme assets	5,465,000	4,478,000	4,633,000	4,158,000	3,623,000
Net pension surplus/(liabilities)	134,000	(293,000)	(530,000)	(1,181,000)	(520,000)
Experience adjustments on scheme liabilities	(90,000)	92,000	32,000	(243,000)	28,000
Experience adjustments on scheme assets	701,000	(328,000)	291,000	183,000	471,000
	611,000	(236,000)	323,000	(60,000)	499,000

SALTS HEALTHCARE LIMITED

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

32. Commitments under operating leases

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Land and buildings				
Not later than 1 year	1,227,709	1,094,329	1,215,209	1,086,329
Later than 1 year and not later than 5 years	3,896,425	3,355,972	3,890,175	3,355,972
Later than 5 years	1,839,513	2,527,429	1,839,513	2,527,429
	<u>6,963,647</u>	<u>6,977,730</u>	<u>6,944,897</u>	<u>6,969,730</u>

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Others				
Not later than 1 year	149,570	100,705	93,815	59,826
Later than 1 year and not later than 5 years	206,987	50,032	161,614	23,229
Later than 5 years	36,790	2,990	36,790	2,100
	<u>393,347</u>	<u>153,727</u>	<u>292,219</u>	<u>85,155</u>

33. Related party transactions

The company has taken advantage of the exemption in FRS 102 from disclosing transactions with members of the group.

The group and company pay rentals in respect of properties owned by the company's self administered pension scheme of which certain of the company's directors are trustees and beneficiaries. The value of the rentals in the year was £55,000 (2018: £55,000) for the group and company. At the year end the balance owing to the pension scheme was £Nil (2018: £Nil).

R J Salt, a director of the company was owed by the group and the company £456,176 (2018: £618,637).

P E Salt, a director of the company, was owed by the group and the company £656,001 (2018: £952,175).

P W Salt, a director of the company, was owed by the group and the company £1,325,600 (2018: £1,164,944).

I G Taylor, a director of the company, was owed by the group and the company £36,522 (2018: £23,142).

Key management personnel consist of the directors, the remuneration of which is disclosed in note 8.

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34. Subsequent events after the reporting date

On March 2020, the World Health Organisation declared Covid-19 as a global pandemic. The subsequent spread of Covid-19 does not provide further evidence of conditions that existed at 31 December 2019 and is therefore considered to be a non-adjusting post balance sheet event in accordance with Section 32 of FRS 102. Accordingly, the development of Covid-19 has not been reflected in the directors' assessment of the measurement of assets and liabilities such as impairment of trade debtors and stocks.

35. Controlling party

Messrs P W D Salt, R J Salt and the executors of Philip Salt's estate control the company by virtue of their combined holding in the share capital of the company.