

WELLAND MEDICAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANIES HOUSE



MHA MacIntyre Hudson

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WELLAND MEDICAL LIMITED

COMPANY INFORMATION

DIRECTORS

S L Farbrother
P I Biddulph
D J Margetts
C D Primett
S C Jackson

COMPANY SECRETARY

S Bryden

REGISTERED NUMBER

02170535

REGISTERED OFFICE

Cavell House
Knaves Beech Way
Loudwater
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

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WELLAND MEDICAL LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

BUSINESS REVIEW

Sales increased by 5% compared with the prior year. Although market conditions remained competitive, growth was seen in the sales of stoma products. New products and market development were a significant factor in this growth and, well positioned by this, continuing growth is anticipated in 2017.

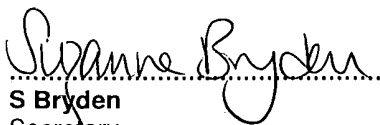
Gross profit increased by 2% to £7,863,953 (2015 - £7,697,241) while the gross profit margin remained comparable.

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.

Despite these risks 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 201 full time staff (2015 - 187). The company is committed to its people through learning and development and is proud to be an Investors in People Champion.

This report was approved by the board on 4 April 2017 and signed on its behalf.


S Bryden
Secretary

WELLAND MEDICAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,940,086 (2015 - £2,306,536).

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

DIRECTORS

The directors who served during the year were:

S L Farbrother
P I Biddulph
D J Margetts
C D Primett
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 2016**

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 4 April 2017 and signed on its behalf.


.....
S Bryden
Secretary

Cavell House
Knives Beech Way
Loudwater
High Wycombe
Buckinghamshire
HP10 9QY

WELLAND MEDICAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELLAND MEDICAL LIMITED

We have audited the financial statements of Welland Medical Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELLAND MEDICAL LIMITED
(CONTINUED)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our 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 and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records 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.

MHA MacIntyre Hudson

KATHARINE ARNOTT 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: *2 May 2017*

WELLAND MEDICAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
PROFIT AND LOSS ACCOUNT			
Turnover	1,3	23,943,385	22,849,799
Cost of sales		(16,079,432)	(15,152,558)
Gross profit		7,863,953	7,697,241
Distribution costs		(661,513)	(608,760)
Administrative expenses		(3,718,854)	(4,287,445)
Operating profit	4	3,483,586	2,801,036
Tax on profit	7	(543,500)	(494,500)
Profit for the year		2,940,086	2,306,536

There was no other comprehensive income for 2016 (2015:£NIL).

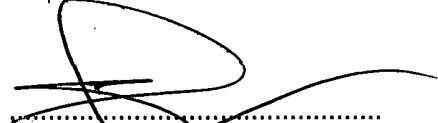
The notes on pages 9 to 21 form part of these financial statements.

WELLAND MEDICAL LIMITED
REGISTERED NUMBER:02170535

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible Fixed Assets	8	7,863,410	6,346,365
		<u>7,863,410</u>	<u>6,346,365</u>
Current assets			
Stocks	9	3,151,924	2,906,212
Debtors: amounts falling due within one year	10	5,620,799	6,698,097
Cash at bank and in hand		561,823	413,124
		<u>9,334,546</u>	<u>10,017,433</u>
Creditors: amounts falling due within one year	11	(7,749,730)	(8,072,808)
Net current assets		<u>1,584,816</u>	<u>1,944,625</u>
Total assets less current liabilities		<u>9,448,226</u>	<u>8,290,990</u>
Provisions for liabilities			
Deferred tax	12	(190,000)	(215,500)
Other provisions	13	(452,650)	(210,000)
		<u>(642,650)</u>	<u>(425,500)</u>
Net assets		<u><u>8,805,576</u></u>	<u><u>7,865,490</u></u>
Capital and reserves			
Called up share capital	14	427,500	427,500
Profit and loss account	15	8,378,076	7,437,990
		<u>8,805,576</u>	<u>7,865,490</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 April 2017.


 S L Farbrother
 Director

The notes on pages 9 to 21 form part of these financial statements.

WELLAND MEDICAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2016	427,500	7,437,990	7,865,490
Comprehensive income for the year			
Profit for the year	-	2,940,086	2,940,086
Total comprehensive income for the year	-	2,940,086	2,940,086
Contributions by and distributions to owners			
Dividends: equity capital	-	(2,000,000)	(2,000,000)
Total transactions with owners	-	(2,000,000)	(2,000,000)
At 31 December 2016	427,500	8,378,076	8,805,576

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	427,500	5,131,454	5,558,954
Comprehensive income for the year			
Profit for the year	-	2,306,536	2,306,536
Total comprehensive income for the year	-	2,306,536	2,306,536
At 31 December 2015	427,500	7,437,990	7,865,490

The notes on pages 9 to 21 form part of these financial statements.

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES**1.1 Company 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 9AD, United Kingdom.

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

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 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 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of CliniMed (Holdings) Limited for the year ended 31 December 2016 which may be obtained from Companies House.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.4 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 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 Profit and Loss Account 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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.6 Operating leases: 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.

1.7 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.

1.8 Debtors

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

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.10 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.11 Foreign currency translation

Functional and presentational 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 Profit and Loss Account 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 Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account.

1.12 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.

1.13 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 Profit and Loss Account 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.

1.14 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.15 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 Profit and Loss Account 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.

1.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In 2015 a dilapidations provision of £210,000 was recognised in respect of terminating leases. This was charged to the profit of loss in 2016.

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.

If 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 13. 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.

3. ANALYSIS OF TURNOVER

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	9,550,808	10,176,608
Rest of the world	14,392,577	12,673,191
	<u>23,943,385</u>	<u>22,849,799</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2016 £	2015 £
Auditors' remuneration	14,000	12,300
Depreciation of tangible fixed assets	980,512	754,983
Research & development expense	21,239	22,639
Exchange differences	(424,447)	193,271
Other operating lease rentals	845,965	951,523
	<u>845,965</u>	<u>951,523</u>

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. EMPLOYEES

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

	2016 £	2015 £
Wages and salaries	5,424,170	5,211,711
Social security costs	551,610	525,794
Cost of defined contribution scheme	492,472	444,884
	<u>6,468,252</u>	<u>6,182,389</u>

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

	2016 No.	2015 No.
Production	173	166
Sales and marketing	8	8
Management and administration	18	11
	<u>199</u>	<u>185</u>

6. DIRECTORS' REMUNERATION

	2016 £	2015 £
Directors' emoluments	455,082	365,208
Company contributions to defined contribution pension schemes	77,957	115,653
	<u>533,039</u>	<u>480,861</u>

During the year retirement benefits were accruing to 4 directors (2015 - 4) in respect of defined contribution pension schemes. The highest paid director received remuneration of £140,552 (2015 - £120,668). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £37,341 (2015 - £68,666)

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. TAXATION

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	569,000	422,000
Total current tax	<u>569,000</u>	<u>422,000</u>
Deferred tax		
Origination and reversal of timing differences	(25,500)	72,500
Total deferred tax	<u>(25,500)</u>	<u>72,500</u>
Tax on profit on ordinary activities	<u>543,500</u>	<u>494,500</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>3,483,586</u>	<u>2,801,036</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	696,717	567,210
Effects of:		
Expenses not deductible for tax purposes	16,117	4,674
Capital allowances for year in excess of depreciation	11,230	(77,044)
Short term timing difference leading to an increase in taxation	(25,500)	72,500
Patent box deduction	(152,936)	(72,840)
Changes in provisions leading to an increase (decrease) in the tax charge	(2,128)	-
Total tax charge for the year	<u>543,500</u>	<u>494,500</u>

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. TAXATION (CONTINUED)**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

Reductions in the UK corporation tax rate from 20% to 19% are effective from 1 April 2017 and to 17% effective from 1 April 2020.

This will reduce the company's future current tax charge accordingly.

8. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2016	2,940,664	8,308,281	128,150	383,139	11,760,234
Additions	402,595	2,060,398	3,617	37,259	2,503,869
Disposals	-	(37,996)	(39,750)	(16,559)	(94,305)
At 31 December 2016	3,343,259	10,330,683	92,017	403,839	14,169,798
Depreciation					
At 1 January 2016	49,934	5,093,788	25,858	244,289	5,413,869
Charge for the period	170,705	728,578	32,690	48,539	980,512
Disposals	-	(33,582)	(38,980)	(15,431)	(87,993)
At 31 December 2016	220,639	5,788,784	19,568	277,397	6,306,388
At 31 December 2016	3,122,620	4,541,899	72,449	126,442	7,863,410
<i>At 31 December 2015</i>	<i>2,890,730</i>	<i>3,214,493</i>	<i>102,292</i>	<i>138,850</i>	<i>6,346,365</i>

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. STOCKS

	2016 £	2015 £
Raw materials and consumables	1,670,079	1,495,259
Work in progress (goods to be sold)	552,781	836,983
Finished goods and goods for resale	929,064	573,970
	<u>3,151,924</u>	<u>2,906,212</u>

Stock recognised in cost of sales during the year as an expense was £9,296,695 (2015: £8,725,980).

10. DEBTORS

	2016 £	2015 £
Trade debtors	3,161,292	2,556,972
Amounts owed by group undertakings	1,651,640	1,833,737
Other debtors	20,136	1,432
Prepayments and accrued income	781,299	2,267,370
Tax recoverable	6,432	38,586
	<u>5,620,799</u>	<u>6,698,097</u>

11. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,339,787	1,107,523
Amounts owed to group undertakings	4,675,500	4,459,769
Corporation tax	-	422,000
Other taxation and social security	132,752	150,103
Other creditors	228,178	256,265
Accruals and deferred income	1,373,513	1,677,148
	<u>7,749,730</u>	<u>8,072,808</u>

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. DEFERRED TAXATION

	Deferred tax £
At 1 January 2016	(215,500)
Credited to the profit or loss	25,500
At 31 December 2016	(190,000)

The provision for deferred taxation is made up as follows:

	2016 £
Accelerated capital allowances	(210,000)
Other timing differences	20,000
	(190,000)

13. PROVISIONS

	Dilapidation provision £
At 1 January 2016	210,000
Movement in the year	242,650
At 31 December 2016	452,650

The dilapidation provision related to the estimated costs of repair or reinstatement of the company's premises.

14. SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid		
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 2016**

15. RESERVES**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

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 2016, the overall aggregate was not overdrawn.

17. CAPITAL COMMITMENTS

At 31 December 2016 the company had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	<u>79,834</u>	<u>225,590</u>

18. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The company pays fixed contributions into an independently administered entity. The pension cost charge represents contributions payable by the company to the fund and amounted to £492,472 (2015 - £444,884). Contributions totalling £35,986 (2015 - £32,625) were payable to the fund at the balance sheet date

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	784,479	876,345
Later than 1 year and not later than 5 years	2,920,516	2,971,752
Later than 5 years	9,322,613	10,008,750
	<u>13,027,608</u>	<u>13,856,847</u>

WELLAND MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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. Copies of the consolidated accounts are available from Companies House.



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