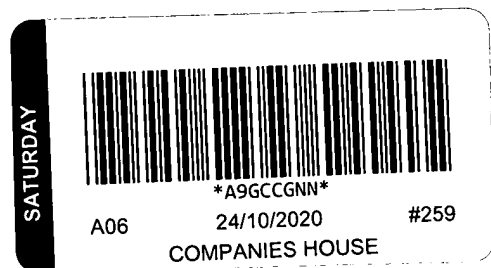


Company Registration No. 04682455 (England and Wales)

NHC HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



COMPANY INFORMATION

Directors	P J Ellin L Parry
Secretary	J Davies
Company number	04682455
Registered office	Unit 1 Colomendy Industrial Estate Rhyl Road Denbigh Denbighshire LL16 5TS
Auditor	JWR Audit Limited Statutory Auditor 24 Picton House Hussar Court Waterlooville Hampshire PO7 7SQ

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors submit their strategic report for the year ended 31 December 2019.

Review of the Business

The overall trading environment during 2019 remained challenging.

Future Developments

The group continues to focus its sales direct from the factory in North Wales and continues with an emphasis on expanding its range and the development of new routes to market to expand its customer base in the UK and overseas.

Principal risks and uncertainties

For 2019 competitive, economic and retail pressures' in the UK continued to be a risk for the group both via retail stores and direct sales. The group manages this risk by providing unique products not available to its competitors and having short lead times for delivery and high level of customer service as well as ensuring that its marketing expenditure is effectively converted into sales.

Risk and uncertainties remain as the company responds to a changing but growing market and a greater regulatory environment. Uncertainties remain regarding the effects of Brexit on the small amount of export business undertaken with Europe but primarily the supply of components for UK production from EU countries.

Key Performance Indicators

The company and group use a number of key performance indicators which differ throughout each business. Common ones include sales, conversion of marketing costs to sales, the level of overheads and return on capital employed. The group continues to work on an active strategy to improve its margins while increasing sales revenues, at the same time as investing in effective sales marketing.

Research and development

The group continues its policy of investment in research and development of new products in order to maintain a competitive position in its existing markets and to develop new markets. This is resulting in new protected intellectual property across the group.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**Share option schemes**

The group has established an EMI share option scheme for the benefit of the employees of the group. The exercise of options granted under the scheme may be satisfied by the transfer of shares held by The Niagara Holdings Limited Employee Share Trust.

A total of 1,641,210 options had been granted under these schemes at 31 December 2019 and were outstanding at that date.

Directors share options

	At 31.12.18	Expired in year	Issued in year	Exercised in year	At 31.12.19	Exercise price (p)	Date from which exercisable	Expiry date
P J Ellin EMI Scheme	433,468	-	-	-	433,468	15p	Aug 2014	Aug 2024
	233,100	-	-	-	233,100	15p	Nov 2018	Nov 2028
L Parry EMI Scheme	376,410	-	-	-	376,410	15p	Aug 2014	Aug 2024
	290,300	-	-	-	290,300	15p	Nov 2018	Nov 2028

The cost of the options was £1 for each block of options granted under each scheme.

On behalf of the Board



P J Ellin
Managing Director

14TH OCTOBER 2020

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal Activities

The principal activities of the company, is that of a holding company providing management services to its subsidiary companies.

The group's principal activities are manufacturing, distributing and retailing therapeutic massage appliances, rehabilitation equipment and adjustable beds.

Results and dividends

The consolidated income statement is set out on page 9. Sales fell by 7.9% in a difficult market to £13,767,141 whilst the group made a loss after tax in the year of £180,054.

The directors do not recommend the payment of a final dividend. It should be noted that the Niagara Holdings Limited Employee Share Trust has waived its rights to all dividends.

It is proposed that the loss after tax of £180,054 is transferred to reserves.

Directors

The directors who served during the year were:

P J Ellin

L Parry

Statement as to disclosure of information to Auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information (as defined by Section 418 of the Companies Act 2016) of which the auditors are unaware. Each of the directors have confirmed that they have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to re-appoint JWR Audit Limited, Chartered Accountants, as auditors will be put to the members at a Director's Meeting.

On behalf of the Board



P J Ellin

Managing Director

14TH OCTOBER

2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2019**

Statement of directors' responsibilities

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

Company law requires the directors to prepare the 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 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 they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing those financial statements, the directors are required to:

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

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

Reports of the Auditors to the members of NHC Holdings Limited Group

Opinion

We have audited the financial statements of NHC Holdings Limited Group (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISA's (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 ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date of the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Report of the Auditors to the members of NHC Holdings Limited Group

Matters on which we are required to report by exception

In 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 Report of the Directors.

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 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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 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.

Auditors' responsibilities for the audit of 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 a Report of the Auditors 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 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 Report of the Auditors.

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 a Report of the Auditors 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.



K S Wood (Senior Statutory Auditor)
For and on behalf of JWR Audit Limited
Statutory Auditor
24 Picton House
Hussar Court
Waterlooville
Hampshire
PO7 7SQ

Date 22 October 2020

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

		2019	2018
	Notes	Total £	Total £
Turnover	2	13,767,140	14,943,165
Net trading costs	3	(13,924,047)	(14,766,347)
Operating (loss)/profit		<u>(156,907)</u>	<u>176,818</u>
Interest receivable	4	22	222
Interest payable and similar charges	5	<u>(7,791)</u>	<u>(3,496)</u>
Profit on ordinary activities before taxation	6	(164,676)	173,544
Taxation	9	(15,378)	(33,300)
Profit for the financial year	24	<u><u>(180,054)</u></u>	<u><u>140,244</u></u>

The operating profit for the year arises from continuing operations.

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	£	£
(Loss)/profit for the financial year	(180,054)	140,244
Other Comprehensive Income		
Revaluation of freehold property	-	-
Actuarial gain/(loss) on defined benefit pension scheme	-	-
Gains and losses on settlements and curtailments	-	-
Income tax relating to other comprehensive income	-	-
Other Comprehensive Income for the year, Net of Income Tax	<u>-</u>	<u>-</u>
Total Comprehensive Income for the year	<u>(180,054)</u>	<u>140,244</u>

BALANCE SHEETS
AS AT 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12	-	-	-	-
Tangible assets	13,14	2,106,118	1,932,924	32,244	43,209
Investment property	15	620,000	620,000	-	-
Investments	16	-	-	4,158,562	4,158,562
		<u>2,726,118</u>	<u>2,552,924</u>	<u>4,190,806</u>	<u>4,201,771</u>
Current assets					
Stocks	18	1,136,184	1,197,152	-	-
Debtors	19	520,808	608,635	1,187,019	1,215,735
Cash at bank and in hand		286,215	538,106	37,255	9,575
		<u>1,943,207</u>	<u>2,343,893</u>	<u>1,224,274</u>	<u>1,225,310</u>
Creditors: amounts falling due within one year	20	<u>(1,441,596)</u>	<u>(1,643,264)</u>	<u>(136,617)</u>	<u>(136,922)</u>
Net current assets/(liabilities)		<u>501,611</u>	<u>700,629</u>	<u>1,087,657</u>	<u>1,088,388</u>
Total assets less current liabilities		<u>3,227,729</u>	<u>3,253,553</u>	<u>5,278,463</u>	<u>5,290,159</u>
Creditors: amounts falling due after more than one year	21	<u>(158,896)</u>	<u>(35,369)</u>	<u>-</u>	<u>-</u>
Provision for liabilities and Charges	22	<u>(222,639)</u>	<u>(205,666)</u>	<u>(558)</u>	<u>(558)</u>
Net assets		<u>2,846,194</u>	<u>3,012,518</u>	<u>5,277,905</u>	<u>5,289,601</u>
Capital and reserves					
Called up share capital	23	133,233	133,233	133,233	133,233
Share premium account	24	1,400,487	1,400,487	1,400,487	1,400,487
Revaluation reserve	24	319,764	324,104	-	-
Capital redemption reserve	24	41,832	41,832	41,832	41,832
Own share reserve	17, 24	(187,019)	(187,019)	(187,019)	(187,019)
Other reserves	24	113,005	99,275	113,005	99,275
Profit and loss account	24	1,024,892	1,200,606	3,776,367	3,801,793
Shareholders' funds		<u>2,846,194</u>	<u>3,012,518</u>	<u>5,277,905</u>	<u>5,289,601</u>

The financial statements on pages 9 to 28 were approved by the Board of Directors and authorised for issue on 14TH OCTOBER 2020 and are signed on its behalf by:



P J Ellin
Director

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

	Called up share capital	Share premium account	Retained earnings	Revaluation reserve	Capital redemption reserve	Own share reserve	Other Reserve	Total Equity
Balance at 1 January 2018	133,233	1,400,487	1,087,178	328,444	41,832	(187,019)	108,575	2,912,730
Changes in Equity								
Dividends			(31,156)					(31,156)
Transfer from revaluation reserve			4,340	(4,340)				-
Employee share trust							(9,300)	(9,300)
Total Comprehensive income			140,244					140,244
Balance at 31 December 2018	133,233	1,400,487	1,200,606	324,104	41,832	(187,019)	99,275	3,012,518
Changes in equity								
Dividends								
Transfer from revaluation reserve			4,340	(4,340)				
Employee share trust							13,730	13,730
Total Comprehensive income			(180,054)					(180,054)
Balance at 31 December 2019	133,233	1,400,487	1,024,892	319,764	41,832	(187,019)	113,005	2,846,194

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	(51,420)	178,935
Interest paid		(7,791)	(3,496)
Other recognised gains and losses relating to the year		13,730	(9,300)
Movement on pension reserve		-	-
Tax received/(paid)		-	(48,262)
Net Cash generated from operating activities		(45,481)	117,877
Cash flows from investing activities			
Purchases of tangible assets		(411,811)	(311,700)
Proceeds from sale of tangible assets		16,870	12,513
Interest received		22	222
Net cash from investing activities		(394,919)	(298,965)
Cash flows from financing activities			
Increase in borrowings		262,807	-
Repayment of finance lease obligations		(74,298)	(63,452)
Equity dividends paid		-	(31,156)
Net cash used in financing activities		188,509	(94,608)
Increase/(Decrease) in cash and cash equivalents		(251,891)	(275,696)
Cash and cash equivalents at the beginning of year	2	538,106	813,802
Cash and equivalents at the end of year	2	286,215	538,106

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

1. Reconciliation of Profit before Taxation to Cash generated from operations

	2019	2018
	£	£
(Loss)/profit before taxation	(164,676)	173,544
Depreciation charges	226,822	187,858
(Profit)/loss on disposal of fixed assets	(5,075)	(4,696)
Finance costs	7,791	3,496
Finance income	(22)	(222)
	<u>(51,420)</u>	<u>178,935</u>
Decrease/(increase) in stocks	60,968	(206,508)
Decrease/(increase) in trade and other debtors	87,827	(83,386)
Increase/(decrease) in trade and other creditors	<u>(265,055)</u>	<u>108,849</u>
Cash generated from operations	<u>(51,420)</u>	<u>178,935</u>

2. Cash and Cash Equivalents

The amounts disclosed on the Consolidated Cash Flow statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31.12.2019	01.01.2019
	£	£
Cash and cash equivalents	286,215	538,106
Bank overdrafts	-	-
	<u>286,215</u>	<u>538,106</u>

Year ended 31 December 2018

	31.12.2018	01.01.2018
	£	£
Cash and cash equivalents	538,106	813,802
Bank overdrafts	-	-
	<u>538,106</u>	<u>813,802</u>

Included within closing net funds above is £37,251 (2018: £9,571) held by the employee share trust.

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

1 Accounting policies**1.1 Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Financial Reporting Standard 102 – Reduced Disclosures

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

- the requirements of Section 7 Statement of Cash Flows - Presentation of a Statement of Cash Flow and related notes and disclosures;
- the requirements of Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in the profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

1.3 Basis of consolidation

The consolidated financial statements incorporate those of the company and all of its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separate net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. Provision is made for impairment. All financial statements are made up to 31 December.

1.4 Going Concern

The group's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic report on page 3.

The group is expected to continue to generate positive cash flows on its own account for the foreseeable future. The group participates in the group's centralised treasury arrangements.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the NHC Holdings Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the group's financial position the company directors have a reasonable expectation that the group will be able to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting in preparing the annual financial statements has been used.

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

1 Accounting policies (continued)**1.4 Going Concern (continued)**

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a period of at least 12 months from the date of signing the accounts which show that the Group is expected to be able to meet all its liabilities as they fall due. However, it is acknowledged that the global and UK outbreak of COVID-19 has had a profound impact on the global and UK economy and businesses.

At 2019 year end the Group reported a loss after tax of £180k. The Group's trading results to September 2020 show the group to be profitable with a very positive cash position.

The directors have produced a detailed going concern assessment for the group. The conclusion of the directors' assessment for NHC Holdings Limited is that the business will be able to meet all its liabilities as they fall due. The directors have prepared forecasts for 2021 which show continued profits and cash generation.

Based on the trading results achieved post year end, the finance facilities in place and available to the Group and the forecasts to for 2021 the directors conclude that the group will be able to trade for a period of at least 12 months from the approval of the financial statements and have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis

1.5 Turnover

Turnover represents the value of goods sold and services provided to customers during the year net of discounts and value added tax.

1.6 Goodwill

Goodwill is amortised through the profit and loss account on a straight line basis over a period not exceeding 10 years. Any permanent impairment in carrying value is written off through the profit and loss account.

1.7 Patents and trademarks

Where appropriate expenditure on patents and trademarks is written off in the year in which it is incurred.

The cost of patents and trademarks are amortised over their expected useful economic lives on a straight line basis. Any permanent improvement in carrying value is written off through the profit and loss account.

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

1 Accounting policies (continued)**1.8 Tangible fixed assets**

Freehold properties are stated at market value.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Freehold property	2.5%
Plant and machinery	10% - 20%
Fixtures and equipment	10% - 50%
Motor vehicles	25%

Leasehold property improvements are depreciated over the period of the lease.

1.9 Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value are shown in the revaluation reserve.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. The cost of finished goods and goods for resale comprises materials, direct labour and attributable production overheads. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.11 Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss on a straight line basis over the lease term.

1.12 Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at the balance sheet date.

All exchange differences are dealt with in the profit and loss account.

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

1 Accounting policies (continued)**1.13 Warranty provisions**

Provision is made for liabilities arising in respect of expected warranty claims.

1.14 Research and development

Research and development expenditure is written off in the year in which it is incurred.

1.15 Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.16 Employee Share Trust

The Company operates an employee share trust and has de facto control of the shares held by the trust and bears their benefits and risks. The company records certain assets and liabilities of the trust as its own. Finance costs and administrative expenses are charged as they accrue. The Company has also established an EMI share option scheme for the benefit of employees of the Group.

1.17 Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

1.18 Pension costs and other post-retirement benefits

The company operates several defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds.

Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**
2 Segmental analysis

	Turnover 2019 £	2018 £
Geographical areas:		
United Kingdom	13,509,538	14,670,189
Australia	699	30,184
Rest of Europe	230,281	202,280
USA	18,784	35,866
Africa	7,838	4,646
Total operations	<u>13,767,140</u>	<u>14,943,165</u>

The geographic analysis above is by area of destination.

In the geographic analysis by origin, amounts shown above for Australia, the Rest of Europe, USA, Africa and Middle East would be included in the figures for the United Kingdom.

3 Net trading costs

	2019 £	2018 £
Movement in stocks	60,968	(206,508)
Other operating income	(71,572)	(75,732)
Raw materials and consumables	2,311,785	3,172,341
Other external charges	5,762,593	6,080,222
Staff costs	4,248,629	4,307,257
Depreciation and amortisation	226,822	187,858
Other operating charges	<u>1,384,822</u>	<u>1,300,909</u>
	<u>13,924,047</u>	<u>14,766,347</u>

4 Interest receivable

	2019 £	2018 £
Bank interest	<u>22</u>	<u>222</u>

5 Interest payable and similar charges

	2019 £	2018 £
Other interest	124	-
HP interest	7,667	3,496
Expected return on pension scheme assets	-	-
Interest on pension scheme liabilities	<u>-</u>	<u>-</u>
	<u>7,791</u>	<u>3,496</u>

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

6 Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):	2019 £	2018 £
Depreciation - owned assets	141,495	126,023
Depreciation – leased assets	85,327	61,835
Operating lease rentals - plant and machinery	69,698	47,772
Operating lease rentals – other	161,560	110,881
Audit services		
- Statutory audit of parent company	3,575	5,500
Other services		
- Statutory audit of subsidiaries where such services are provided by JWR Audit Ltd or its associates	27,000	22,500
Other services relating to taxation		
- Compliance services	2,000	2,000
- Advisory services	-	-
Foreign currency losses	6,134	21,704
Research and development expenditure	71,334	58,439
(Profit)/loss on disposal of fixed assets	<u>(5,075)</u>	<u>(4,696)</u>

7 Employees - Group

Number of employees

The average number of employees (including directors) during the year was:

	2019 Number	2018 Number
Management	8	7
Administration and production	78	74
Selling and distribution	72	83
	<u>158</u>	<u>152</u>
	2019	2018
	£	£
Employment costs		
Wages and salaries	3,857,967	3,923,702
Social security costs	310,414	320,388
Other pension costs	80,248	63,167
	<u>4,248,629</u>	<u>4,307,257</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**
8 Directors' emoluments

	2019 £	2018 £
Emoluments	<u>253,689</u>	<u>265,905</u>

The total payments to the highest paid director were £137,022 (2018: £143,369) and money purchase pension contributions were £nil (2018 : £nil).

There are no directors for whom retirement benefits are accruing under money purchase or defined benefit schemes (2018 : nil).

9 Taxation
(a) Analysis of charge in the year

	2019 £	2018 £
UK Corporation tax on profits/(losses) of the year	-	15,572
Adjustments in respect of previous years	<u>(1,595)</u>	<u>-</u>
Total current tax	(1,595)	15,572
Deferred tax charge	<u>16,973</u>	<u>17,728</u>
Tax on profit on ordinary activities	<u><u>15,378</u></u>	<u><u>33,300</u></u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**
9 Taxation (continued)
(b) Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK 19.00% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before taxation	<u>(164,676)</u>	<u>173,544</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 19% (2018: 19%)	(31,288)	32,973
Effects of:		
Expenses not deductible for tax purposes	143	3,737
Fixed asset timing differences	(37,531)	(7,828)
Patent Box deduction	(49,905)	-
Profit on disposal of fixed assets	(964)	(892)
Losses surrendered for Research and development tax relief	4,004	-
Pension adjustments	-	-
Current year loss relief	122,931	(70)
Research & development uplift	(7,390)	(12,349)
Other	-	1
Adjustment to tax charge in respect of previous periods	-	-
Research and development tax credit	-	-
Current tax charge for the year (note 9(a))	<u>-</u>	<u>15,572</u>

10 Result for the financial year

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The result for the financial year was as follows:

	2019 £	2018 £
Parent company's profit for the financial year	<u>(25,426)</u>	<u>275,429</u>

11 Dividends

	2019 £	2018 £
Ordinary interim paid	<u>-</u>	<u>31,156</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**
12 Intangible Assets – Group

	Goodwill £	Patents £	Total £
Cost			
At 31 December 2018 and 2019	<u>2,174,622</u>	<u>200,000</u>	<u>2,374,622</u>
Amortisation			
At 31 December 2018	2,174,622	200,000	2,374,622
Charge for the year	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>2,174,622</u>	<u>200,000</u>	<u>2,374,622</u>
Net book value			
At 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

Goodwill relates to the acquisition of Niagara Healthcare Limited and subsidiaries on 23 January 2004 and Balance Master UK Limited on 1 July 2007.

Goodwill relating to the acquisition of Balance Master UK Limited was fully impaired in accounts of 2010.

13 Tangible fixed assets – Group

	Freehold property £	Short leasehold improvements £	Plant and machinery £	Fixtures and equipment £	Motor Vehicles £	Total £
Cost						
At 31 December 2018	1,501,802	66,126	419,195	1,067,798	539,490	3,594,411
Additions	-	-	100,600	11,878	299,333	411,811
Disposals	-	-	-	(985)	(111,309)	(112,294)
At 31 December 2019	<u>1,501,802</u>	<u>66,126</u>	<u>519,795</u>	<u>1,078,691</u>	<u>727,514</u>	<u>3,893,928</u>
Depreciation						
At 31 December 2018	73,311	57,070	354,945	774,792	401,369	1,661,487
Charge for the year	37,545	8,969	30,205	43,037	107,066	226,822
Disposals	-	-	-	(985)	(99,430)	(100,415)
At 31 December 2019	<u>110,856</u>	<u>66,039</u>	<u>385,150</u>	<u>816,844</u>	<u>409,005</u>	<u>1,787,894</u>
Net book value						
At 31 December 2019	<u>1,390,946</u>	<u>87</u>	<u>134,645</u>	<u>261,847</u>	<u>318,509</u>	<u>2,106,034</u>
At 31 December 2018	<u>1,428,491</u>	<u>9,056</u>	<u>64,250</u>	<u>293,006</u>	<u>138,121</u>	<u>1,932,924</u>

The freehold properties were re-valued as at February 2017, by Knight Frank LLP, a firm of independent chartered surveyors, at their open market value of £1,475,000. The net book value of fixed assets held on finance leases and hire purchase contracts is £281,220 (2018: £74,747). The depreciation charge for the year for fixed assets held on finance lease and hire purchase contracts is £85,327 (2018: £61,835).

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

13 Tangible fixed assets – Group (continued)

Comparable historical cost for the land and buildings stated at valuation:

	£
Historical cost	
At 31 December 2018	1,287,476
Additions	-
At 31 December 2019	<u>1,287,476</u>
Depreciation based on cost	
At 31 December 2018	62,595
Charge for the year	32,131
At 31 December 2019	<u>94,696</u>
Net book value	
At 31 December 2019	<u>1,192,780</u>
At 31 December 2018	<u>1,224,881</u>

14 Tangible fixed assets - Company

	Fixtures and equipment £
Cost	
At 31 December 2018	536,952
Additions	8,003
Disposals	-
Inter-company transfer	-
At 31 December 2019	<u>544,955</u>
Depreciation	
At 31 December 2018	493,743
Charge for the year	18,968
Disposals	-
Inter-company transfer	-
At 31 December 2019	<u>512,711</u>
Net book value	
At 31 December 2019	<u>32,244</u>
At 31 December 2018	<u>43,209</u>

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

15 Investment Property

	Total £
Net Book Value	
At 31 December 2018 and 31 December 2019	<u>620,000</u>
 Cost or valuation at 31 December 2019 is represented by:	
	£
Valuation in 2015	195,000
Valuation in 2016	145,000
Cost	<u>280,000</u>
	<u>620,000</u>

The investment property was re-valued as at March 2017, by Knight Frank LLP, a firm of independent chartered surveyors, at their open market value of £620,000.

16 Investments - Company

	Group 2019 £	Company 2019 £
Investments in subsidiary undertakings		
At 31 December 2018 and 31 December 2019	<u>-</u>	<u>4,158,562</u>

The share capital of all the above companies is made up of ordinary £1 shares. Niagara Healthcare Limited is a 100% subsidiary of NHC Holdings Limited. All other shares are held by Niagara Healthcare Limited apart from those in Niagara Therapy (UK) Pension Trustees Limited which is held by subsidiary undertakings. All of the companies are incorporated in the United Kingdom.

17 Investment in own shares and own share reserve

The group has established the Niagara Holdings Limited Employee Share Trust, a discretionary trust whose trustees are SG Kleinwort Hambros Bank (CI) Limited - Guernsey Branch. The purpose of the Trust is to hold shares in the Company for the benefit of employees.

At 31 December 2019, the Trust held 2,213,729 2½p ordinary shares in the Company, the cost of which has been included within the own shares reserve.

The Company has an EMI share option scheme for the benefit of employees of the Group. The Trust has waived the right to all dividends. Costs of administration of the Trust are dealt with in the profit and loss account as incurred only after these costs have been defrayed by the Trust from its own income.

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**
17 Investment in own shares and own share reserve (continued)

At 31 December 2019 there were outstanding options relating to 1,641,210 shares.

	Exercisable	Option price (p)	Number of Shares
Enterprise Management Incentive Scheme	Aug 2014 to Aug 2024	15.0	1,117,810
Enterprise Management Incentive Scheme	Nov 2018 to Nov 2028	15.0	523,400
			<u>1,641,210</u>

Share options granted to directors, which are included above, are disclosed in the directors' report.

18 Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Raw materials and consumables	845,267	899,989	-	-
Finished goods and goods for resale	290,917	297,163	-	-
	<u>1,136,184</u>	<u>1,197,152</u>	<u>-</u>	<u>-</u>

19 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	78,800	167,509	-	-
Corporation tax recoverable	3,594	3,594	3,594	3,594
Amounts owed from group undertakings	-	-	987,629	1,027,909
Loan receivable	-	-	-	-
Other debtors	79,984	75,492	79,984	74,291
Prepayments and accrued income	358,430	362,040	115,812	109,941
Deferred tax	-	-	-	-
	<u>520,808</u>	<u>608,635</u>	<u>1,187,019</u>	<u>1,215,735</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**
20 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts	-	-	9	9
Obligations under finance leases and hire purchase contracts	97,675	32,693	-	-
Trade creditors	708,336	922,888	-	-
Amounts owed to group undertakings	-	-	-	-
Corporation tax	14,426	16,021	438	438
Deferred tax	-	-	-	-
Other taxes and social security costs	80,922	86,338	8,744	8,724
Other creditors	136,871	108,504	35,254	21,539
Amount owing to Employee Share Trust	-	-	-	-
Accruals and deferred income	403,366	476,820	92,181	106,212
	<u>1,441,596</u>	<u>1,643,264</u>	<u>136,617</u>	<u>136,922</u>

The bank borrowings are secured by fixed and floating charges over the Group's properties and assets. A provision has been recognised for expected claims against product guarantees. It is expected that this expenditure will be incurred over the period of the guarantees. The provision, the amount of which has not been disclosed as it is considered to be commercially sensitive, has not been discounted since the effect of discounting is not material.

21 Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Obligations under finance leases and hire purchase contracts	158,896	35,369	-	-
	<u>158,896</u>	<u>35,369</u>	<u>-</u>	<u>-</u>

The obligations under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amount falling due within:				
1 year	97,675	32,693	-	-
1-2 years	74,206	31,291	-	-
2-5 years	84,690	4,078	-	-
	<u>256,571</u>	<u>68,062</u>	<u>-</u>	<u>-</u>

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

22 Provision for liabilities

	Group Deferred tax £	Company Deferred tax £
At 31 December 2018	205,666	558
Charge to the profit and loss account	16,973	
Movement in deferred tax on Pension Liability	-	-
At 31 December 2019	<u>222,639</u>	<u>558</u>
Provision for deferred tax consists of the tax effects of timing in respect of:		
Accelerated capital allowances	45,989	558
Deferred tax on revaluations	<u>176,650</u>	<u>-</u>
	<u>222,639</u>	<u>558</u>

23 Share capital

Group and Company

	2019 £	2018 £
Issued, allotted, called up and fully paid 5,329,320 Ordinary shares of 2½p each	<u>133,233</u>	<u>133,233</u>

24 Reserves

Share Premium

This reserve records the amount above the nominal value of shares sold, less transaction costs.

Capital Redemption Reserve

This reserve records the nominal value of shares repurchased by the company

Revaluation Reserve

The revaluation reserve relates to a surplus on revaluation of freehold and investment properties.

Own Share Reserve

This reserve represents the nominal value of shares repurchased by the company from the Employee Share Trust.

Other Reserve

The other reserves relates to the net assets of the Employee Share Trust.

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

25 Commitments under operating leases

Annual commitments under non-cancellable operating leases at 31 December were as follows:

	Land and buildings £	Other £	2019 Total £	Land and buildings £	Other £	2018 Total £
Leases expiring:						
Within one year	-	-	-	-	1,519	1,519
Between one and two years	-	16,669	16,669	-	1,770	1,770
Between two and five years	29,000	60,041	89,041	29,000	62,394	91,394
More than five years	143,200	-	143,200	143,200	-	143,200
	<u>172,200</u>	<u>76,711</u>	<u>248,911</u>	<u>172,200</u>	<u>65,683</u>	<u>237,883</u>

26 Contingent liabilities

The company has given composite cross guarantees relating to the bank borrowing of the group. These borrowings amounted to £nil at the year end.

27 Defined Contribution Scheme

The group operates several defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds.

The pension cost charge represents contributions payable by the company to the fund and amounted to £13,116 (2018: £14,519)

Outstanding contributions at the yearend amounted to £1,976 (2018:£1,623).

28 Post balance sheet events

Since the balance sheet date the global disruption caused by COVID-19 has become ever more evident. This is a non-adjusting post balance sheet event and has had no effect on the assets and liabilities in these financial statements. The company has continued to trade profitably post year end.

The directors have considered the impact of COVID-19 on the going concern of the company in the going concern section of note 1 to these financial statements.

29 Control

In the opinion of the directors, the ultimate controlling party is the Board of Directors.