

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2020
for
NHC Holdings Limited

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for the Year Ended 31 December 2020

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NHC Holdings Limited
Company Information
for the Year Ended 31 December 2020

DIRECTORS: P J Ellin
Mrs L Parry

SECRETARY: D R Jones

REGISTERED OFFICE: Unit 1 Colomendy Industrial Estate
Rhyl Road
Denbigh
Denbighshire
Clwyd
LL16 5TS

REGISTERED NUMBER: 04682455 (England and Wales)

AUDITORS: JWR Audit Limited
Statutory Auditor
24 Picton House
Hussar Court
Waterlooville
Hampshire
PO7 7SQ

Group Strategic Report
for the Year Ended 31 December 2020

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

REVIEW OF BUSINESS

As a retail consumer company we were impacted by Covid-19 in 2020. For the safety of our customers and staff, as government restrictions were imposed during the periods of lockdown we complied with restrictions and were either unable to trade or had a reduced ability to trade and our operations were limited.

During these difficult and uncertain times for the business we utilised the measures put in place by the government including grant support and the job retention scheme to navigate this difficult period.

Overall our resulting sales turnover fell considerably in 2020. However when we were able to trade, the group did so robustly combined with the directors taking all necessary decisions and measures to reduce and control operational costs. Despite the drop in sales the group had a positive result for a year where all normal market trading conditions and circumstance were challenged by the pandemic.

The directors consider 2020 to be a far from normal and exceptionally turbulent trading year and subsequent performance should be viewed in isolation accordingly.

PRINCIPAL RISKS AND UNCERTAINTIES

In 2020 like all other business's we had the additional burden of both management and practical measures of putting in place all appropriate and effective government stated interventions to ensure the health and safety of all our staff, colleagues and customers.

The knock on effects of the pandemic in determining how the market and business model may respond and change short to medium term has yet to settle and the directors believe there to be both further challenges and opportunities going forward in an underlying growing market. We consider turbulence seen in the supply chain and the price of raw materials and parts for the production of our products due to the pandemic to be fluid and to remain so for an extended period. Measures have been put in place where possible to prevent or reduce the impact to ensure our unique products can be manufactured and safely installed with customers in short market lead times and to a high customer service.

The impact of Brexit has led to uncertainties and an additional administration burden for the group as the UK sets out its new regulatory compliance outside of Europe. This will result in the group having to double up in areas having to meet regulatory compliance to both new UK and European standards to continue to trade in existing markets. Both the receiving of parts for the supply chain from Europe and also the provision of completed goods to both northern Ireland and our European markets have incurred delay or additional administration.

FUTURE DEVELOPMENTS

The group continues to focus its sales direct from its factory in North Wales and continues with an emphasis on its unique product range and the development of routes to market in the UK and overseas.

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. During the pandemic all standard measures were challenged due to uncertainty in the trading environment and had to be reviewed accordingly.

RESEARCH AND DEVELOPMENT

The group continues with a policy to invest in research and development but this was minimal in 2020 due to the pandemic. Previous years research and developments resulting in new intellectual property and the subsequent granting of patents were applicable for previous years patent box corporation tax relief and were applied in 2020 accounts.

Group Strategic Report
for the Year Ended 31 December 2020

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 1,533,278 options had been granted under these schemes at 31 December 2020 and were outstanding at that date.

Directors share options

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

22 September 2021

Report of the Directors
for the Year Ended 31 December 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

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.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

P J Ellin
Mrs L Parry

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the 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;
- 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 and the group'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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, JWR Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

P J Ellin - Director

22 September 2021

Report of the Independent Auditors to the Members of
NHC Holdings Limited

Opinion

We have audited the financial statements of NHC Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 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 of the parent company affairs as at 31 December 2020 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 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and 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, 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

Report of the Independent Auditors to the Members of
NHC Holdings Limited

Matters on which we are required to report by exception

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 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.

Responsibilities of directors

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

Procedures performed by the audit team included:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Evaluation of controls designed to prevent and detect irregularities; and
- Assessing journals entries as part of our planned audit approach.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.

Report of the Independent Auditors to the Members of
NHC Holdings Limited

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

29 September 2021

Consolidated
Income Statement
for the Year Ended 31 December 2020

	Notes	31.12.20 £	31.12.19 £
TURNOVER	3	10,037,817	13,763,038
Cost of sales		<u>(7,287,686)</u>	<u>(10,123,443)</u>
GROSS PROFIT		2,750,131	3,639,595
Distribution costs		(277,381)	(465,834)
Administrative expenses		<u>(3,195,114)</u>	<u>(3,406,343)</u>
		(722,364)	(232,582)
Other operating income		<u>1,080,453</u>	<u>75,675</u>
OPERATING PROFIT/(LOSS)	5	358,089	(156,907)
Interest receivable and similar income		<u>459</u>	<u>22</u>
		358,548	(156,885)
Interest payable and similar expenses	6	<u>(12,933)</u>	<u>(7,791)</u>
PROFIT/(LOSS) BEFORE TAXATION		345,615	(164,676)
Tax on profit/(loss)	7	<u>70,488</u>	<u>(15,378)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>416,103</u>	<u>(180,054)</u>
Profit/(loss) attributable to:			
Owners of the parent		<u>416,103</u>	<u>(180,054)</u>

The notes form part of these financial statements

Consolidated
Other Comprehensive Income
for the Year Ended 31 December 2020

	31.12.20 £	31.12.19 £
Notes		
PROFIT/(LOSS) FOR THE YEAR	416,103	(180,054)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>416,103</u>	<u>(180,054)</u>
FOR THE YEAR		
Total comprehensive income attributable to:		
Owners of the parent	<u>416,103</u>	<u>(180,054)</u>

Consolidated Balance Sheet
31 December 2020

	Notes	31.12.20 £	31.12.19 £
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	1,793,228	2,106,118
Investments	11	-	-
Investment property	12	620,000	620,000
		<u>2,413,228</u>	<u>2,726,118</u>
CURRENT ASSETS			
Stocks	13	1,151,490	1,136,184
Debtors	14	538,007	520,809
Cash at bank and in hand		1,129,794	286,215
		<u>2,819,291</u>	<u>1,943,208</u>
CREDITORS			
Amounts falling due within one year	15	(1,647,360)	(1,441,599)
NET CURRENT ASSETS		<u>1,171,931</u>	<u>501,609</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,585,159	3,227,727
CREDITORS			
Amounts falling due after more than one year	16	(124,713)	(158,896)
PROVISIONS FOR LIABILITIES	19	(198,151)	(222,639)
NET ASSETS		<u>3,262,295</u>	<u>2,846,192</u>
CAPITAL AND RESERVES			
Called up share capital	20	133,233	133,233
Share premium	21	1,400,487	1,400,487
Revaluation reserve	21	315,424	319,764
Capital redemption reserve	21	41,832	41,832
Other reserves	21	113,005	113,005
Other reserves	21	(187,019)	(187,019)
Retained earnings	21	1,445,333	1,024,890
SHAREHOLDERS' FUNDS		<u>3,262,295</u>	<u>2,846,192</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 September 2021 and were signed on its behalf by:

P J Ellin - Director

Company Balance Sheet
31 December 2020

	Notes	31.12.20 £	31.12.19 £
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	31,803	32,244
Investments	11	4,158,562	4,158,562
Investment property	12	-	-
		<u>4,190,365</u>	<u>4,190,806</u>
CURRENT ASSETS			
Debtors	14	1,213,413	1,187,019
Cash at bank		<u>37,255</u>	<u>37,255</u>
		1,250,668	1,224,274
CREDITORS			
Amounts falling due within one year	15	<u>(241,887)</u>	<u>(136,617)</u>
NET CURRENT ASSETS		<u>1,008,781</u>	<u>1,087,657</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,199,146	5,278,463
PROVISIONS FOR LIABILITIES	19	<u>(558)</u>	<u>(558)</u>
NET ASSETS		<u>5,198,588</u>	<u>5,277,905</u>
CAPITAL AND RESERVES			
Called up share capital	20	133,233	133,233
Share premium		1,400,487	1,400,487
Capital redemption reserve		41,832	41,832
Other reserves		113,005	113,005
Other reserves		(187,019)	(187,019)
Retained earnings		<u>3,697,050</u>	<u>3,776,367</u>
SHAREHOLDERS' FUNDS		<u>5,198,588</u>	<u>5,277,905</u>
Company's loss for the financial year		<u>(79,317)</u>	<u>(25,426)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 22 September 2021 and were signed on its behalf by:

P J Ellin - Director

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Revaluation reserve £
Balance at 1 January 2019	133,233	1,200,604	1,400,487	324,104
Changes in equity				
Total comprehensive income	-	(175,714)	-	(4,340)
Balance at 31 December 2019	<u>133,233</u>	<u>1,024,890</u>	<u>1,400,487</u>	<u>319,764</u>
Changes in equity				
Total comprehensive income	-	420,443	-	(4,340)
Balance at 31 December 2020	<u>133,233</u>	<u>1,445,333</u>	<u>1,400,487</u>	<u>315,424</u>
	Capital redemption reserve £	Other reserves £	Other reserves £	Total equity £
Balance at 1 January 2019	41,832	99,275	(187,019)	3,012,516
Changes in equity				
Total comprehensive income	-	13,730	-	(166,324)
Balance at 31 December 2019	<u>41,832</u>	<u>113,005</u>	<u>(187,019)</u>	<u>2,846,192</u>
Changes in equity				
Total comprehensive income	-	-	-	416,103
Balance at 31 December 2020	<u>41,832</u>	<u>113,005</u>	<u>(187,019)</u>	<u>3,262,295</u>

Company Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2019	133,233	3,801,793	1,400,487
Changes in equity			
Total comprehensive income	-	(25,426)	-
Balance at 31 December 2019	<u>133,233</u>	<u>3,776,367</u>	<u>1,400,487</u>
Changes in equity			
Total comprehensive income	-	(79,317)	-
Balance at 31 December 2020	<u>133,233</u>	<u>3,697,050</u>	<u>1,400,487</u>

	Capital redemption reserve £	Other reserves £	Other reserves £	Total equity £
Balance at 1 January 2019	41,832	99,275	(187,019)	5,289,601
Changes in equity				
Total comprehensive income	-	13,730	-	(11,696)
Balance at 31 December 2019	<u>41,832</u>	<u>113,005</u>	<u>(187,019)</u>	<u>5,277,905</u>
Changes in equity				
Total comprehensive income	-	-	-	(79,317)
Balance at 31 December 2020	<u>41,832</u>	<u>113,005</u>	<u>(187,019)</u>	<u>5,198,588</u>

Consolidated Cash Flow Statement
for the Year Ended 31 December 2020

	Notes	31.12.20 £	31.12.19 £
Cash flows from operating activities			
Cash generated from operations	1	876,408	(51,419)
Interest paid		-	7,667
Interest element of hire purchase payments paid		(12,933)	(15,458)
Other recognised gains and losses		-	13,730
Tax paid		(431)	-
Net cash from operating activities		<u>863,044</u>	<u>(45,480)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(16,176)	(412,441)
Sale of tangible fixed assets		2,400	17,500
Interest received		459	22
Net cash from investing activities		<u>(13,317)</u>	<u>(394,919)</u>
Cash flows from financing activities			
New loans in year		50,000	262,807
Capital repayments in year		(56,148)	(74,298)
Net cash from financing activities		<u>(6,148)</u>	<u>188,509</u>
Increase/(decrease) in cash and cash equivalents		<u>843,579</u>	<u>(251,890)</u>
Cash and cash equivalents at beginning of year	2	286,215	538,105
Cash and cash equivalents at end of year	2	<u>1,129,794</u>	<u>286,215</u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2020

1. **RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.12.20	31.12.19
	£	£
Profit/(loss) before taxation	345,615	(164,676)
Depreciation charges	256,726	226,822
Loss/(profit) on disposal of fixed assets	69,939	(5,075)
Finance costs	12,933	7,791
Finance income	(459)	(22)
	<u>684,754</u>	<u>64,840</u>
(Increase)/decrease in stocks	(15,306)	60,968
Decrease in trade and other debtors	15,244	87,828
Increase/(decrease) in trade and other creditors	<u>191,716</u>	<u>(265,055)</u>
Cash generated from operations	<u><u>876,408</u></u>	<u><u>(51,419)</u></u>

2. **CASH AND CASH EQUIVALENTS**

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

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>1,129,794</u>	<u>286,215</u>

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>286,215</u>	<u>538,105</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
Net cash			
Cash at bank and in hand	<u>286,215</u>	<u>843,579</u>	<u>1,129,794</u>
	<u>286,215</u>	<u>843,579</u>	<u>1,129,794</u>
Debt			
Finance leases	(256,571)	56,148	(200,423)
Debts falling due within 1 year	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
	<u>(256,571)</u>	<u>6,148</u>	<u>(250,423)</u>
Total	<u><u>29,644</u></u>	<u><u>849,727</u></u>	<u><u>879,371</u></u>

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2020

1. **STATUTORY INFORMATION**

NHC Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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 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.

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.

Turnover

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

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.

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.

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- at varying rates on cost
Fixtures and fittings	- at varying rates on cost
Motor vehicles	- 25% on cost and at varying rates on cost

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.

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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

2. **ACCOUNTING POLICIES - continued**

Hire purchase and leasing commitments

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.

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.

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.

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.

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.

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 2022 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 2022 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.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

2. **ACCOUNTING POLICIES - continued**

Warranty provision

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

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.

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.

3. **TURNOVER**

The turnover and profit (2019 - loss) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	31.12.20	31.12.19
	£	£
United Kingdom	9,763,854	13,505,436
Europe	229,161	230,281
United States of America	28,379	18,784
Australia	7,980	699
Africa	8,443	7,838
	<u>10,037,817</u>	<u>13,763,038</u>

4. **EMPLOYEES AND DIRECTORS**

	31.12.20	31.12.19
	£	£
Wages and salaries	3,394,544	3,857,967
Social security costs	266,397	310,994
Other pension costs	68,892	79,668
	<u>3,729,833</u>	<u>4,248,629</u>

The average number of employees during the year was as follows:

	31.12.20	31.12.19
Management	6	8
Administration and production	67	78
Selling and distribution	68	72
	<u>141</u>	<u>158</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

4. **EMPLOYEES AND DIRECTORS - continued**

	2020 £	2019 £
Emoluments	269,263	253,689
The total payments to the highest paid director were £145,543 (2019: £137,022) and money purchase pension contributions were £nil (2019 : £nil).		

There are no directors for whom retirement benefits are accruing under money purchase or defined benefit schemes (2019 : nil)

5. **OPERATING PROFIT/(LOSS)**

The operating profit (2019 - operating loss) is stated after charging/(crediting):

	31.12.20 £	31.12.19 £
Hire of plant and machinery	30,239	42,853
Other operating leases	74,903	105,504
Depreciation - owned assets	256,727	226,822
Loss/(profit) on disposal of fixed assets	69,939	(5,075)
Auditors' remuneration	32,000	32,575
Foreign exchange differences	7,137	6,134
Research and development	46,937	71,334

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.20 £	31.12.19 £
Bank interest	-	(7,667)
Hire purchase	12,933	15,458
	<u>12,933</u>	<u>7,791</u>

7. **TAXATION**

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	31.12.20 £	31.12.19 £
Current tax:		
Adjustment in respect of prior year	(46,000)	(1,595)
Deferred tax	(24,488)	16,973
Tax on profit/(loss)	<u>(70,488)</u>	<u>15,378</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

7. **TAXATION - continued**

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.20 £	31.12.19 £
Profit/(loss) before tax	<u>345,615</u>	<u>(164,676)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	65,667	(31,288)
Effects of:		
Expenses not deductible for tax purposes	223	143
Income not taxable for tax purposes	(504)	-
Capital allowances in excess of depreciation	-	(21,522)
Depreciation in excess of capital allowances	31,136	-
Utilisation of tax losses	(62,945)	122,931
Adjustments to tax charge in respect of previous periods	(46,000)	(1,595)
Patent box deduction	(55,129)	(49,905)
Research and development	<u>(2,936)</u>	<u>(3,386)</u>
Total tax (credit)/charge	<u>(70,488)</u>	<u>15,378</u>

8. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 January 2020 and 31 December 2020	<u>2,174,622</u>	<u>200,000</u>	<u>2,374,622</u>
AMORTISATION			
At 1 January 2020 and 31 December 2020	<u>2,174,622</u>	<u>200,000</u>	<u>2,374,622</u>
NET BOOK VALUE			
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<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.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

10. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2020	1,501,802	941,368	1,318,399	701,521	4,463,090
Additions	-	2,069	14,107	-	16,176
Disposals	-	-	(97,870)	(50,459)	(148,329)
At 31 December 2020	<u>1,501,802</u>	<u>943,437</u>	<u>1,234,636</u>	<u>651,062</u>	<u>4,330,937</u>
DEPRECIATION					
At 1 January 2020	110,856	806,722	1,056,381	383,013	2,356,972
Charge for year	37,545	27,282	73,093	118,807	256,727
Eliminated on disposal	-	-	(41,588)	(34,402)	(75,990)
At 31 December 2020	<u>148,401</u>	<u>834,004</u>	<u>1,087,886</u>	<u>467,418</u>	<u>2,537,709</u>
NET BOOK VALUE					
At 31 December 2020	<u>1,353,401</u>	<u>109,433</u>	<u>146,750</u>	<u>183,644</u>	<u>1,793,228</u>
At 31 December 2019	<u>1,390,946</u>	<u>134,646</u>	<u>262,018</u>	<u>318,508</u>	<u>2,106,118</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 £179,627 (2019: £281,220). The depreciation charge for the year for fixed assets held on finance lease and hire purchase contracts is £101,166 (2019: £85,327).

Company

	Fixtures and fittings £
COST	
At 1 January 2020	544,955
Additions	<u>10,256</u>
At 31 December 2020	<u>555,211</u>
DEPRECIATION	
At 1 January 2020	512,711
Charge for year	<u>10,697</u>
At 31 December 2020	<u>523,408</u>
NET BOOK VALUE	
At 31 December 2020	<u>31,803</u>
At 31 December 2019	<u>32,244</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

11. **FIXED ASSET INVESTMENTS**

Company

Shares in
group
undertakings
£

COST

At 1 January 2020
and 31 December 2020

4,158,562

NET BOOK VALUE

At 31 December 2020
At 31 December 2019

4,158,562

4,158,562

12. **INVESTMENT PROPERTY**

Group

Total
£

FAIR VALUE

At 1 January 2020
and 31 December 2020

620,000

NET BOOK VALUE

At 31 December 2020
At 31 December 2019

620,000

620,000

Fair value at 31 December 2020 is represented by:

Valuation in 2015
Valuation in 2016
Cost

£

195,000

145,000

280,000

620,000

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.

13. **STOCKS**

Group

31.12.20 31.12.19
£ £

Raw materials
Finished goods

868,418 845,267

283,072 290,917

1,151,490 1,136,184

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Trade debtors	61,224	78,801	-	-
Amounts owed by group undertakings	1	-	1,005,254	987,629
Tax	36,037	3,594	3,594	3,594
VAT	69,156	79,984	69,156	79,984
Prepayments and accrued income	371,589	358,430	135,409	115,812
	<u>538,007</u>	<u>520,809</u>	<u>1,213,413</u>	<u>1,187,019</u>

15. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Bank loans and overdrafts (see note 17)	50,000	-	50,000	-
Hire purchase contracts (see note 18)	75,710	97,675	-	-
Trade creditors	824,376	708,336	-	-
Amounts owed to group undertakings	-	2	-	-
Tax	438	14,426	438	438
Social security and other taxes	75,298	80,922	8,600	8,744
Other creditors	205,613	136,872	33,620	35,254
Accruals and deferred income	415,925	403,366	149,229	92,181
	<u>1,647,360</u>	<u>1,441,599</u>	<u>241,887</u>	<u>136,617</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.

16. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group	
	31.12.20	31.12.19
	£	£
Hire purchase contracts (see note 18)	<u>124,713</u>	<u>158,896</u>

17. **LOANS**

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	31.12.20	31.12.19
	£	£
Net obligations repayable:		
Within one year	75,710	97,675
Between one and five years	124,713	158,896
	<u>200,423</u>	<u>256,571</u>

Group

	Non-cancellable operating leases	
	31.12.20	31.12.19
	£	£
Within one year	4,561	16,669
Between one and five years	176,712	89,041
In more than five years	52,000	143,200
	<u>233,273</u>	<u>248,910</u>

19. PROVISIONS FOR LIABILITIES

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Deferred tax				
Accelerated capital allowances	53,539	45,989	558	558
Tax losses carried forward	(31,020)	-	-	-
Other timing differences	175,632	176,650	-	-
	<u>198,151</u>	<u>222,639</u>	<u>558</u>	<u>558</u>

Group

	Deferred tax
	£
Balance at 1 January 2020	222,639
Credit to Income Statement during year	(24,488)
Balance at 31 December 2020	<u>198,151</u>

Company

	Deferred tax
	£
Balance at 1 January 2020	558
Balance at 31 December 2020	<u>558</u>

20. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	31.12.20	31.12.19
Number:	Class:		£	£
5,329,320	Ordinary	0.025	<u>133,233</u>	<u>133,233</u>

21. **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.

22. **PENSION COMMITMENTS**

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 £13,060 (2019: £13,116)

Outstanding contributions at the year end amounted to £2,051 (2019:£1,976).

23. **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.

24. **ULTIMATE CONTROLLING PARTY**

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

25. **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 2020, 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.

At 31 December 2020 there were outstanding options relating to 1,533,278 shares.

	Exercisable	Option price (p)	Number of Shares
Enterprise Management Incentive Scheme	Aug 2014 to Aug 2024	15.0	1,009,878
Enterprise Management Incentive Scheme	Nov 2018 to Nov 2028	15.0	523,400
			<u>1,533,278</u>

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

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