Registered number: 09943100

POLYCO HEALTHLINE GROUP LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

POLYCO HEALTHLINE GROUP LTD

COMPANY INFORMATION

Directors	D Greenwood N A Wilson L M Blustin B P Prichard J Prichard S M Prichard A Blewett K S Munns J Sira
Company secretary	N A Wilson
Registered number	09943100
Registered office	Polyco Healthline South Fen Road Bourne PE10 0DN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 4th Floor 199 Avebury Boulevard Milton Keynes MK9 1AU

POLYCO HEALTHLINE GROUP LTD

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2023

Introduction

The principal activities of the Group in the year under review are those of the marketing, distribution and manufacture of domestic, industrial and medical hand protection and healthcare products together with workwear, bags, aprons and other consumable disposable products. The Group operates a testing and design laboratory function at its site in Bourne, Lincolnshire and actively pursues research and development of new products and new revenue streams.

Business review

Revenue for the year ended 31 July 2023 decreased substantially compared to the previous year driven by a reduction in demand for surgical gloves and other healthcare related products. The board are satisfied with the performance given the impact on the market following the Covid 19 pandemic.

In terms of key performance indicators, the Board of Directors focus on three main measures:

- Gross Profit;
- Underlying Operating Profit; and
- Underlying Operating Cash Flow.

Measured as a percentage of sales gross profit ended the year at 24% *(2022: 31%)*. This represents a decrease on the prior period driven by a tightening up of the market, and a larger proportion of the sales being made to the NHS where margins are traditionally lower.

Reported operating profit before goodwill and intangible amortisation and certain one-off costs associated with the Group's integration was £16m, a significant decrease on the prior year *(2022: £66.9m)*. Operating cash flow before exceptional costs decreased during the year from £86m in the year ended 31st July 2022 to (£0.8)m in the year ended 31st July 2023.

EBITDA	**2023**	*2022*
	£'000	*£'000*
Operating profit	**10,313**	*54,391*
Depreciation of tangible fixed assets	**829**	*723*
Amortisation	**6,089**	*6,108*
Exceptional loss	**-**	*8,115*
Exceptional gain	**(858)**	*(2,476)*
	16,373	*66,861*

The directors will continue their focus on these three key ratios and are expecting improvements to be achieved in the forthcoming year.

Research and development

The business is committed to product innovation and continues to launch new products into its core market places.

Through its subsidiary Safedon Limited, the business has spent over 10 years developing automation technologies to improve the efficiency of manufacture and packaging of gloves. Trials at factories in the Far East have progressed well over the last 3 years and in 2022 our subsidiary signed a licencing agreement for application of these technologies with a major manufacturer of nitrile gloves in Malaysia. A parallel project to automate the packaging of vinyl gloves with a Chinese manufacturer is also underway and well advanced. The Board are encouraged by the progress of this project as the scale of the operations in Malaysia and China increases over the next 3 years.

The Group continues to research additional technologies to improve the performance of gloves including contamination control.

Establishment of Employee Ownership Trust

On 7th February 2022 the Board established an Employee Ownership Trust ("EOT") transferring 75% ownership in Polyco Healthline Group Limited to the EOT which operates for the benefit of all group employees. The establishment of the EOT promotes a more engaged workforce with common goals and rewards for all.

Business risk

The Group's principal risks, derive from fluctuations in exchange rates and underlying raw material prices, particularly natural rubber latex and nitrile. The Group has a policy of applying suitable foreign exchange hedging strategies and actively works with its suppliers to manage raw material price fluctuations. Wherever possible the Group also looks to obtain fixed price contracts from suppliers as a means of mitigating raw material price fluctuations.

Covid 19 presented a number of challenges to the business. Initially we saw elements of our market and customer base go into hibernation, at the same time we saw a surge in demand from the NHS and frontline services. Detailed supply chain and stock management, alongside prioritising of frontline health customers allowed us to successfully navigate our way through the early months of the pandemic. As activity levels in the domestic and global economies have started to return back to normal our customer base continues to be in a state of flux, the senior management decided to focus on well established product lines allowing the business to refocus on the current demands of our key customers and leverage the established relationships with our supply base.

The Group has sufficient reserves and incoming orders that satisfy the Board that there is no going concern risk.

Financial risk management objectives and policies

The Group by nature of its business is exposed to financial risks. The Group's financial risks are managed by the Board aiming to minimise the potential impact on the Group's performance.

Commodity risk and forex risk
The Group's principal risks derive from fluctuations in exchange rates and underlying raw material prices, particularly natural rubber latex and nitrite. The Group has a policy of applying suitable foreign exchange hedging strategies and actively works with its suppliers to manage raw material price fluctuations. Wherever possible the Group also looks to obtain fixed price contracts from suppliers as a means of mitigating raw material price fluctuations.

Liquidity risk
The Group has tight control over collection of trade debtors and is able to negotiate favourable terms with its suppliers. The broader group is currently financed by a combination of revolving and term debt facilities which operate at market rates, and can provide additional financial support to the Group if required. Together these represent a cash flow and liquidity risk to the business. Whilst interest rates are currently variable, the Group are in a position to hedge the interest rate risk should the directors elect to do so.

Credit risk
The Group operates a very tight policy on provision of credit to customers, using third party credit reference agencies and also following up on credit references offered at the application stage.

Future developments

The business continues with the integration of new members into the Group. Albeit some now well progressed there remains integration work to do, particularly in the areas of Information Technology. The directors are confident that this work will continue to deliver operational synergies which they intend to reinvest back into the business.

Other than the initiatives set out above, the directors do not see any further significant future developments at this stage.

Key performance indicators

The Board are encouraged by the performance in sales revenues, gross profit margins and operating profit.

	2023 **£000**	*2022* *£000*
Turnover	**149,674**	*287,791*
Gross profit £	**36,319**	*90,469*
Gross profit %	**24%**	*31%*
Operating profit (pre Exceptional and amortisation)	**16,373**	*66,861*
Cash at bank	**1,825**	*2,706*

Whilst turnover reduced in the year ended 31st July 2023 to £149,674,000, a reduction of 48%, this was a conscious decision to only operate in sectors of our market in which we are well established. This focus allowed the Group to maintain almost the same level of gross margins at 24% as compared to 31% in the prior year. This management approach led to a 76% net decrease in operating profit before exceptional and amortisation in the year.

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis of accounting, the directors have considered the business activities as set out on pages 15 to 56 and the principal risks and uncertainties as set out on pages 2 to 3.

Section 172(1) statement

The market for hand protection and healthcare products is highly competitive and very active. It is a fast-moving industry, which involves engagement with a rich network of stakeholders.

The directors are well aware of their duty under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Group and, in doing so, to have regard (amongst other matters) to:
• The likely consequences of any decision in the long term;
• The interests of the Group's employees;
• The need to foster the Group's business relationships with suppliers, customers and others;
• The impact of the Group's operations on the community and the environment; and
• The desirability of the Group maintaining a reputation for high standards of business conduct

The directors understand that their relationships with its stakeholders are dynamic, and that stakeholders' interests may change over time. In response to this, the directors keep themselves informed of the Group's key stakeholders' interests through a combination of both direct and indirect engagement. The directors recognise their responsibility to the Group's stakeholders at all times when discharging their duties.

The directors have identified the key stakeholders as the following:
• Customers
• Employees
• Suppliers
• Environmental Issues and Communities

The statements below describe how the directors engage with their key stakeholders, and how their interests are considered in board decision making. Furthermore, it demonstrates how the Board takes into consideration the long-term impact of its decisions, its desire to maintain a reputation for high standards of business conduct, and its requirement to act fairly between members of the Group.

CUSTOMERS
The directors recognise that the importance of creating long lasting relationships with both our direct and indirect customers is fundamental to the way we do business. Customer loyalty is important to the business and therefore the Board has particular regard to the long-term impact its decisions have on customers. The business supports multiple channels of communication with its customers through regular dialogue, customer telephone support and social media. Customer feedback is gathered through these channels and acted upon to assist in the development of the Group's strategy.

EMPLOYEES
The directors recognise that the importance of a highly engaged and motivated workforce is core to our business and to the delivery of our strategic ambitions. The welfare of our people is integral in our core values, and with commitment and structured procedures in place, we provide a safe working environment to all employees.

The directors are fully aware of the importance of providing opportunities for personal development and career progression; a culture of inclusion and diversity; compensation and benefits; and the ability to make a difference within the Polyco Healthline Group.

The Group seeks to improve the working environment of its employees through a number of different continuous improvement methods and initiatives, with the involvement of employees in all aspects of Group activities. The Group engages with employees through frequent internal communication updates and presentations on Group outlook covering financial and economic performance. In addition, employees are encouraged to participate in employee surveys, health and wellbeing initiatives, and are offered the opportunity to complete learning and development programs, including those linked to career progression.

We are proud that Polyco Healthline Group Limited is controlled by an Employee Ownership Trust which owns 75% of the Company, giving all employees an indirect stake in the business into perpetuity.

SUPPLIERS
The directors recognise that supplier involvement is central to the quality of the Group's products and to ensuring that, as a business, we meet the high standards of conduct that we set for ourselves.

We continue to build strong relationships with our key suppliers and continually monitor supplier payment days. Our payment practices reporting can be found on the HMRC website. The Group has a clear process for selecting and managing its suppliers. For key suppliers, we perform due diligence around their working practices and code of ethics as well as their financial stability and viability.

ENVIRONMENTAL ISSUES & COMMUNITIES
The directors ensure that any environmental issues are fully considered and continue to play a prominent role in the promotion of its portfolio of healthcare products.

The Group is committed to reducing its environmental impact and continually improving its environmental performance as an integral and fundamental part of its business strategy, and through development in product technologies and operating methods.

It is important to us to understand the changing needs and requirements of the communities we operate in. We are then able to develop lasting relationships which can make a positive difference. We are committed to supporting all employees to dedicate time to community and charity activities.

Directors' statement of compliance with duty to promote the success of the Company

The board of directors of Polyco Healthline Group Limited consider that they have fulfilled their individual and collective duty under section 172(1) of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of shareholders as a whole.

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

Karl Munns

K S Munns
Director
Date: 21/2/2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2023

The directors present their report and the financial statements for the year ended 31 July 2023.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £3,456,000 *(2022: £41,339,000)*.

During the year ended 31 July 2023 the Group made dividend distributions to the non-controlling interest of £Nil *(2022: £Nil)*.

The net assets/(liabilities) for the year ended 31 July 2023 amounts to £61,000 *(2022: (£3,393,000))*.

Directors

The directors who served during the year and after the year end were:

D Greenwood
N A Wilson
L M Blustin
B P Prichard
J Prichard
S M Prichard
A D Meehan (resigned 30 April 2023)
A Blewett
K S Munns
J Sira

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Engagement with employees

The Group's policy is to consult and discuss with employees, at meetings and conferences, matters likely to affect the employee's interests. Information on matters of concern and interest to employees through information bulletins, intranet sites, and meetings, which seeks to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

Engagement with suppliers, customers and others

The directors believe that fostering business relationships with suppliers and customers is key to the ongoing success and growth of the business. To that end the Board ensure that they have visibility and involvement in all key stakeholder relationships so that proper consideration of those relationships can be taken when making decisions.

Disabled employees

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

It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Qualifying third party indemnity provisions

The directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the year directors' and officers' liability insurance for the benefit of the Company, the directors and its officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Greenhouse gas emissions, energy consumption and energy efficiency action

During the year to 31 July 2023 we continued our program of energy efficiency improvements including the installation of motion sensitive lighting throughout the warehouses and the benefit of full year impact of other initiatives.

	2023	2022
UK Energy Use kWh	**504,976**	*538,441*
Associated Greenhouse gas emissions Tonnes CO2 equivalent	**218**	*233*
Intensity ratio CO2 emissions per £1m sales revenue	**1.4**	*0.8*

UK energy use covers all warehousing and office activities across Polyco Healthline Limited, Medicare Products Limited and PH Medicare Limited.

Matters covered in the Group Strategic Report

As permitted by paragraph 1A of schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' Report have been omitted as they are included in the Group Strategic Report. The matters relate to a description of principal risks and uncertainties and research and development.

Post balance sheet events

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

Disclosure of information to auditor

The directors confirm that:

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

Auditor

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

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

K S Munns
Director
Date: 21/2/2024

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYCO HEALTHLINE GROUP LTD

Opinion

We have audited the financial statements of Polyco Healthline Group Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 July 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 July 2023 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties such as effects arising from inflation and rising prices of raw materials, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group and the parent Company's financial resources or ability to continue operations over the going concern period.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYCO HEALTHLINE GROUP LTD (CONTINUED)

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 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 other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYCO HEALTHLINE GROUP LTD (CONTINUED)

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYCO HEALTHLINE GROUP LTD (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We determined that the following laws and regulations were most significant: UK GAAP (FRS 102), Companies Act 2006 and the relevant tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including laws and regulations relating to employment matters, data security and protection, health and safety, consumer and credit licensing and the Modern Slavery Act;
- We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes;
- We enquired of management and those charged with governance, concerning the Group's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations; and
  - the detection and response to the risks of fraud.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated this through our review of professional fees incurred during the year;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed noncompliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYCO HEALTHLINE GROUP LTD (CONTINUED)

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Audit procedures performed by the audit engagement team included: ? identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud; ? challenging assumptions and judgements made by management in making its significant accounting estimates; ? identifying and testing journal entries, in particular any large or unusual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and ? assessing the extent of compliance with certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements.
- It is the audit partner's assessment that the audit team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operations, including the nature of its revenue sources, services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the applicable statutory provisions.
  - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of procedures for authorization of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breached of requirements are appropriately investigated and reported.

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

Use of our report

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

Grant Thornton UK LLP

Taras Kulyk ACCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date: 21/2/2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2023

	Note	2023 £000	*2022 £000*
Turnover	4	**149,674**	*287,791*
Cost of sales		**(113,355)**	*(197,322)*
Gross profit		**36,319**	*90,469*
Administrative expenses		**(26,864)**	*(30,439)*
Exceptional income	11	**858**	*2,476*
Exceptional expenses	11	**-**	*(8,115)*
Operating profit	5	**10,313**	*54,391*
Share of (losses)/profits of associates		**(8)**	*6*
Total operating profit		**10,305**	*54,397*
Interest receivable and similar income		**20**	*13*
Interest payable and similar expenses	9	**(4,829)**	*(3,104)*
Profit before taxation		**5,496**	*51,306*
Tax on profit	10	**(2,040)**	*(10,094)*
Profit for the financial year		**3,456**	*41,212*
Profit for the year attributable to:			
Non-controlling interests		**-**	*(127)*
Owners of the parent Company		**3,456**	*41,339*
		3,456	*41,212*

There was no other comprehensive income for 2023 *(2022: £Nil)*.

All results are derived from continued activities.

The notes on pages 25 to 56 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023

	Note		2023 £000		*As restated* *2022* *£000*
Fixed assets					
Intangible assets	12		**33,020**		*38,451*
Tangible fixed assets	13		**1,938**		*3,801*
Fixed asset investments	14		**-**		*6*
			34,958		*42,258*
Current assets					
Stocks	15	**16,213**		*22,701*	
Debtors: amounts falling due within one year	16	**25,449**		*28,445*	
Cash at bank and in hand	17	**1,825**		*2,706*	
		43,487		*53,852*	
Creditors: amounts falling due within one year	18	**(35,585)**		*(59,999)*	
Net current assets/(liabilities)			**7,902**		*(6,147)*
Total assets less current liabilities			**42,860**		*36,111*
Creditors: amounts falling due after more than one year	19		**(36,435)**		*(28,887)*
Provisions for liabilities					
Deferred taxation	21	**(6,364)**		*(6,572)*	
Other provisions	22	**-**		*(4,047)*	
			(6,364)		*(10,619)*
Net assets/(liabilities)			**61**		*(3,395)*
Capital and reserves					
Called up share capital	23		**2,063**		*2,063*
Share premium account	24		**379**		*379*
Capital redemption reserve	24		**140**		*140*
Other reserves	24		**223**		*223*
Merger relief reserve	24		**(178)**		*(178)*
Profit and loss account	24		**(2,566)**		*(5,893)*
Equity attributable to owners of the parent Company			**61**		*(3,266)*
Non-controlling interests			**-**		*(129)*
			61		*(3,395)*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 JULY 2023

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21/2/2024

K S Munns
Director

The notes on pages 25 to 56 form part of these financial statements.

POLYCO HEALTHLINE GROUP LTD
REGISTERED NUMBER:09943100

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2023

	Note		2023 £000		*As restated 2022 £000*
Fixed assets					
Investments	14		**72,153**		*72,153*
Current assets					
Debtors: amounts falling due within one year	16	**29,784**		*29,962*	
		29,784		*29,962*	
Creditors: amounts falling due within one year	18	**(53,894)**		*(59,531)*	
Net current liabilities			**(24,110)**		*(29,569)*
Total assets less current liabilities			**48,043**		*42,584*
Creditors: amounts falling due after more than one year	19		**(36,435)**		*(28,887)*
Provisions for liabilities					
Deferred taxation	21	**-**		*-*	
			-		*-*
Net assets			**11,608**		*13,697*
Capital and reserves					
Called up share capital	23		**2,063**		*2,063*
Share premium account	24		**379**		*379*
Capital redemption reserve	24		**140**		*140*
Other reserves	24		**223**		*223*
Profit and loss account	24		**8,803**		*10,892*
			11,608		*13,697*

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 JULY 2023

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act and has not presented its own Statement of Comprehensive income in these financial statements. The Company's total comprehensive loss for the year was £2,089,000 *(2022: profit £75,864,000)*.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21/2/2024

Karl Munns

K S Munns
Director

The notes on pages 25 to 56 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2023

	Called up share capital	Share premium account	Capital redemption reserve	Treasury shares	Merger relief reserve	Profit and loss account	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 August 2022	2,063	379	140	223	(178)	(5,893)	(3,266)	(129)	(3,395)
Comprehensive income for the year									
Profit for the year	-	-	-	-	-	3,456	3,456	-	3,456
Total comprehensive income for the year	-	-	-	-	-	3,456	3,456	-	3,456
Elimination of non-controlling interest	-	-	-	-	-	(129)	(129)	129	-
Total transactions with owners	-	-	-	-	-	(129)	(129)	129	-
At 31 July 2023	2,063	379	140	223	(178)	(2,566)	61	-	61

The notes on pages 25 to 56 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2022

	Called up share capital	Share premium account	Capital redemption reserve	Treasury shares	Merger relief reserve	Profit and loss account	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 August 2021 (as previously stated)	2,124	379	140	223	-	32,953	35,819	7,728	43,547
Prior year adjustment - correction of error	-	-	-	-	-	(975)	(975)	-	(975)
At 1 August 2021 (as restated)	2,124	379	140	223	-	31,978	34,844	7,728	42,572
Comprehensive income for the year									
Profit for the year	-	-	-	-	-	41,339	41,339	(127)	41,212
Contributions by and distributions to owners									
Shares issued during the year	178	-	-	-	-	-	178	-	178
Gift to EOT	-	-	-	-	-	(86,795)	(86,795)	-	(86,795)
Cancellation of shares	(239)	-	-	-	-	(145)	(384)	-	(384)
Elimination of non-controlling interest	-	-	-	-	-	7,730	7,730	(7,730)	-
Merger relief reserve	-	-	-	-	(178)	-	(178)	-	(178)
Total transactions with owners	(61)	-	-	-	(178)	(79,210)	(79,449)	(7,730)	(87,179)
At 31 July 2022	2,063	379	140	223	(178)	(5,893)	(3,266)	(129)	(3,395)

The notes on pages 25 to 56 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2023

	Called up share capital	Share premium account	Capital redemption reserve	Treasury shares	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 August 2022	2,063	379	140	223	10,892	13,697
Comprehensive income for the year						
Loss for the year	-	-	-	-	(2,089)	(2,089)
Total transactions with owners	-	-	-	-	-	-
At 31 July 2023	2,063	379	140	223	8,803	11,608

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2022

	Called up share capital	Share premium account	Capital redemption reserve	Treasury shares	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 August 2021	2,124	379	140	223	21,968	24,834
Comprehensive income for the year						
Profit for the year	-	-	-	-	75,864	75,864
Contributions by and distributions to owners						
Gift to EOT	-	-	-	-	(86,795)	(86,795)
Shares issued during the year	178	-	-	-	-	178
Shares cancelled during the year	(239)	-	-	-	(145)	(384)
Total transactions with owners	(61)	-	-	-	(86,940)	(87,001)
At 31 July 2022	2,063	379	140	223	10,892	13,697

The notes on pages 25 to 56 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2023

	Note	2023 £000	*2022 £000*
Cash flows from operating activities			
Profit for the financial year		**3,456**	*41,212*
Adjustments for:			
Amortisation of intangible assets	12	**6,089**	*6,108*
Depreciation of tangible assets	13	**829**	*723*
(Gain)/loss on disposal of tangible assets		**(12)**	*-*
Interest paid	9	**4,829**	*3,104*
Interest received		**(20)**	*(13)*
Taxation charge	10	**2,040**	*10,095*
Decrease in stocks		**6,488**	*22,539*
Decrease in debtors		**2,996**	*2,279*
(Decrease)/increase in creditors		**(9,825)**	*3,431*
Foreign exchange		**(18)**	*(785)*
Share of (profit)/losses of associate		**6**	*6*
(Decrease)/increase in provisions		**(4,047)**	*4,047*
Corporation tax (paid)		**(12,705)**	*(8,805)*
Exceptional income		**(858)**	*-*
Disposal of investment in associate		**-**	*1,753*
Net cash generated from operating activities		**(752)**	*85,694*
Cash flows from investing activities			
Purchase of intangible fixed assets	12	**(658)**	*(922)*
Purchase of tangible fixed assets	13	**(921)**	*(2,737)*
Sale of tangible fixed assets		**12**	*-*
Interest received		**20**	*-*
Net cash from/(used in) investing activities		**(1,547)**	*(3,659)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

	Note	2023 £000	*2022* *£000*
Cash flows from financing activities			
Issue of ordinary shares		-	*1,010*
Repayment of loan notes		**(1,894)**	*(6,500)*
Repayment of bank loans		**(1,885)**	*(2,509)*
Interest paid	9	**(2,053)**	*(2,831)*
Gifts paid to EOT		-	*(86,795)*
Issuance of loan notes	19	**7,250**	-
Net cash used in financing activities		**1,418**	*(97,625)*
Net (decrease) in cash and cash equivalents		**(881)**	*(15,590)*
Cash and cash equivalents at beginning of year		**2,706**	*18,296*
Cash and cash equivalents at the end of year		**1,825**	*2,706*
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		**1,825**	*2,706*

The notes on pages 25 to 56 form part of these financial statements.

1. General information

Polyco Healthline Group Limited is a private company limited by shares and registered in England and Wales. Its registered head office is located at Polyco Healthline, South Fen Road, Bourne, England, PE10 0DN. The principal activity of the Group and Company is detailed in the Group Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, *the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the* Companies Act 2006.

The Group's financial statements are presented in Sterling and all values are rounded to the nearest thousand (£'000) except when otherwise stated.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive income and Statement of Cash Flows in these financial statements.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

2. Accounting policies (continued)

2.2 Basis of consolidation (continued)

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

Merger relief under section 612 of the 2006 Act is a statutory relief from recognising share premium when issuing legal equity shares in order to acquire the legal equity shares of another company where specified conditions are met. It affects accounting for capital and reserves in the issuing company's financial statements. This is separate from the accounting treatment of acquisitions in consolidated financial statements. Applying merger relief means that shares issued are recorded at *their nominal value; no share premium is recorded.*

On 7 February 2022, the Group acquired the entire issued capital of Novis Initiis Limited which held the remaining 49% shareholding in Medicare Products Limited through merger relief accounting method. The transaction involved an issuance of 17,773,726 A ordinary shares of the Group at £0.01 per share in exchange for 100% share ownership of Novis Initiis Limited.

2.3 Associates

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

2. Accounting policies (continued)

2.4 Going concern

The financial position of the Group and Company, its cash flows, liquidity position and borrowing facilities are continually assessed by the directors.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The directors have reviewed forecasts for a period of at least three years from the date when the financial statements are authorised for issue and the Group has also took into consideration the history of good profitability for the year ended 31 July 2023 and subsequently. The directors have considered the above and are of the opinion that the going concern basis in preparing the financial statements is appropriate.

As to the parent Company, the directors have reviewed forecasts for a period of at least twelve months from the date when the financial statements are authorised for issue and have received a letter of support from the Group. They are therefore satisfied that the parent Company is a going concern and the financial statements have been prepared on that basis.

2.5 Revenue

Sale of goods
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised when the risks and rewards of the inventory are passed to the customer. This is the point when goods are dispatched for delivery for most of the goods while for direct send type of orders, this point is upon delivery.

Rendering of services
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised when the services are provided, and risk and rewards of ownership have transferred to the customers.

The Group earns royalties from the licensing of packaging technology which is used by third party manufacturers. Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreement either evenly over the term of the license period or recognised based on actual number of products sold by customers multiplied by the agreed rates.

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

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

Other intangible assets

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

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

Where factors, such as changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Amortisation is charged on a straight-line basis so as to allocate the cost of assets less their residual value over the estimated useful lives as follows:

Licences	-	over 5 - 6 years
Goodwill	-	over 10 years
Marketing-related intangible assets	-	over 10 years
Customer-related intangible assets	-	over 6 - 10 years

Assets under development are not amortised until they are put in operation.

2.7 Tangible fixed assets

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

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged on straight-line basis to allocate the cost of assets, less their residual value, over their estimated useful lives, and is provided on the following basis:

Improvements to leasehold property	- over the remaining term of the lease
Plant and machinery	- 10% - 33%
Motor vehicles	- 25%
Fixtures and fittings	- 10% - 33%

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a moving average cost basis.

Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.10 Debtors

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

2.11 Cash and cash equivalents

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

2. Accounting policies (continued)

2.12 Financial instruments

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

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

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments. Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Consolidated Statement of Comprehensive Income in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and only has insignificant value for foreign exchange derivatives.

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

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

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

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Consolidated Statement of Comprehensive Income, except those investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to *unilaterally sell the asset to an unrelated third party without imposing additional restrictions.*

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2.13 Creditors

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

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2. Accounting policies (continued)

2.14 Foreign currency translation (continued)

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

2.15 Finance costs

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

2.16 Dividends and gifts to Employee Ownership Trust (EOT)

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

2.17 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.18 Pensions

Defined contribution pension plan

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

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

2.19 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2. Accounting policies (continued)

2.21 Provisions for liabilities

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

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

An entity shall review provisions at each reporting year and adjust them to reflect the current best estimate of the amount that would be required to settle the obligations at the reporting date. Any adjustments to the amounts previously recognised shall be recognised in profit or loss unless the provision was originally recognised as part of the cost of the asset. When provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of discount shall be recognised as a finance cost in profit or loss in the period it arises.

2. Accounting policies (continued)

2.22 Current and deferred taxation

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

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

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

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

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

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.24 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Accounting policies (continued)

2.25 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. These estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of investment
Annually, the Company considers whether investments in subsidiaries is impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the cash-generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

The recoverable amount of the CGU is a source of significant estimation uncertainty and determining this involved the use of significant assumptions.

The recoverable amounts were determined using a value-in-use calculation which required the use of assumptions. The calculations use cash flow projections based on the financial budgets approved by the directors covering a five-year period.

(ii) Impairment of debtors
The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors which is net of associated impairment provision.

3. Judgements in applying accounting policies (continued)

(iii) Impairment of stock
In applying the Group's accounting policy for the valuation of stock, management are required to assess the expected selling price and costs to sell each item of stock and work in progress. Cost to sell includes material costs, the cost to acquire the materials, the cost of labour, and legal and professional fees incurred during manufacture prior to sale. Estimation of the selling price is subject to uncertainties, and include the prediction of future trends in the market value based on historic sales values for similar goods. See note 15 for the net carrying amount of the stocks which is net of provision for obsolescence.

(iv) Contingent consideration
The Group annually assess the level of revenue earned based on different exit events to determine the unwinding of the contingent liability valued.

(v) Impairment of intangible assets
Annually, the Company considers whether the carrying value of its assets under development, and related intellectual property (IP) require impairment. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the IP. This requires estimation of the future cash flows from the licencing opportunities attached to the IP and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. The recoverable amount is a source of significant estimation uncertainty and determining this involved the use of significant assumptions.

The recoverable amounts were determined using a value-in-use calculation which required the use of assumptions. The calculations use cash flow projections based on the financial budgets approved by the directors covering a five-year period. The directors plan to start amortising the intangible asset at such time as the IP becomes commercially operational, moving on from proto-type stage.

4. Turnover

The whole of the turnover is attributable to the Group's principal activities.

An analysis of turnover by class of business is as follows:

	2023 £000	2022 £000
Sale of goods	**147,730**	*286,650*
Sale of services	**1,944**	*1,141*
	149,674	*287,791*

Analysis of turnover by country of destination:

	2023 £000	2022 £000
United Kingdom	**129,252**	*258,660*
Rest of Europe	**15,514**	*16,720*
Rest of the world	**4,908**	*12,411*
	149,674	*287,791*

5. Operating profit

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

	2023 £000	2022 £000
Depreciation of tangible fixed assets	**829**	*723*
Amortisation of intangible assets, including goodwill	**6,089**	*6,108*
Exchange differences	**(179)**	*(65)*
(Gain)/loss on sale of tangible assets	**(12)**	-
Operating rent	**1,447**	*1,548*

6. Auditor's remuneration

	2023 £000	*2022* *£000*
Fees payable to the Group's auditor and its associates for the audit of the Group's financial statements	224	*283*

Fees payable to the Group's auditor and its associates in respect of:

	2023 £000	*2022* *£000*
Taxation compliance services	10	*63*
Other services relating to taxation	78	*52*
All other services	21	*38*
	109	*153*

7. Employees

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

	Group 2023 £000	*Group* *2022* *£000*	Company 2023 £000	*Company* *2022* *£000*
Wages and salaries	8,663	*8,795*	-	-
Social security costs	936	*1,048*	-	-
Cost of defined contribution scheme	779	*742*	-	-
	10,378	*10,585*	-	-

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

	2023 No.	*2022* *No.*
Production, distribution & warehousing	76	*67*
Directors, administration and selling	142	*163*
	218	*230*

8. Directors' remuneration

	2023 £000	*2022 £000*
Directors' emoluments	1,249	*1,391*
Group contributions to defined contribution pension schemes	51	*50*
	1,300	*1,441*

The highest paid director received remuneration of £269,884 *(2022: £302,598)*.

The total accrued pension provision of the highest paid director at 31 July 2023 amounted to £10,000 *(2022: £10,000)*.

Key management personnel are considered to be the directors of the Company.

9. Interest payable and similar expenses

	2023 £000	*2022 £000*
Bank interest payable	2,486	*1,542*
Other loan interest payable	1,034	*1,055*
Implied interest on discounted deferred consideration	1,159	*279*
Other interest payable	150	*228*
	4,829	*3,104*

10. Taxation

	2023 £000	*2022 £000*
Corporation tax		
Current tax on profits for the year	2,122	*11,559*
Adjustments in respect of previous periods	(37)	*(1,125)*
	2,085	*10,434*
Share of associate's tax	(97)	*-*
	1,988	*10,434*
Foreign tax		
Foreign tax on income for the year	261	*88*
Total current tax	2,249	*10,522*
Deferred tax		
Origination and reversal of timing differences	(122)	*(134)*
Changes to tax rates	(103)	*(154)*
Adjustments in respect of prior period	16	*(140)*
Total deferred tax	(209)	*(428)*
Taxation on profit on ordinary activities	2,040	*10,094*

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2022: higher than)* the standard rate of corporation tax in the UK of 21% *(2022: 19%)*. The differences are explained below:

	2023 £000	*2022 £000*
Profit on ordinary activities before tax	**5,496**	*51,306*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% *(2022: 19%)*	**1,154**	*9,748*
Effects of:		
Expenses not deductible for tax purposes	**1,715**	*1,839*
Adjustments to tax charge in respect of prior periods	**(134)**	*(1,125)*
Deferred tax not recognised	**(412)**	*(190)*
Rate difference	**(36)**	*40*
Overseas tax	**(21)**	*20*
Group relief not paid for	**-**	*(2)*
Fixed asset differences	**(26)**	*5*
Adjustment to deferred tax in respect of previous period	**16**	*(138)*
Non-taxable income	**(216)**	*(103)*
Total tax charge for the year	**2,040**	*10,094*

Factors that may affect future tax charges

In the Finance Bill 2021, the UK Government announced that from 1 April 2023, the Corporation Tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021.

The Company does not have any unrelieved tax losses that it can carry forward against future taxable profits.

11. Exceptional items

	2023 £000	2022 £000
Exceptional expenses		
Settlement provision	-	4,000
Loss on deconsolidation	-	4,115
	-	8,115

During the prior year, exceptional costs totalled £8,115,020. Of this amount £4,000,000 related to the provision for settlement of a dispute with the Department of Health and Social Care (DHSC) reference products supplied in 2020. This dispute was fully resolved in March 2023. The remaining £4,115,020 of exceptional costs relate to a loss recognised as a result of the deconsolidation of PH Medicare Ltd.

	2023 £000	2022 £000
Exceptional income		
Reversal of provision guarantee	-	(2,027)
Reversal of impairment provision	(228)	(449)
Naukatek disposal	(630)	-
	(858)	(2,476)

Part of the impairment provision recognised in the prior year was reversed which relate to the amount used in the current year for settlement of share capital acquisition of Naukatek AS.

On 28th June 2023 the entire 90% investment holding in Naukatek A.S. was sold to a Norwegian company for €1. The carrying value of the investment was £1. Gain on disposal amounting to £630k.

12. Intangible assets

Group

	Customer related intangible assets £000	Marketing related intangible assets £000	Licences £000	Goodwill £000	Assets under development £000	Total £000
Cost						
At 1 August 2022 (as previously stated)	23,816	10,827	6,891	24,446	7,500	73,480
Prior Year Adjustment	-	-	-	-	225	225
At 1 August 2022 (as restated)	23,816	10,827	6,891	24,446	7,725	73,705
Additions	-	-	-	-	658	658
At 31 July 2023	23,816	10,827	6,891	24,446	8,383	74,363
Amortisation						
At 1 August 2022	15,384	3,773	1,266	14,831	-	35,254
Charge for the year on owned assets	1,842	268	458	3,521	-	6,089
At 31 July 2023	17,226	4,041	1,724	18,352	-	41,343
Net book value						
At 31 July 2023	6,590	6,786	5,167	6,094	8,383	33,020
At 31 July 2022 (as restated)	*8,432*	*7,054*	*5,625*	*9,615*	*7,725*	*38,451*

The prior year restatement in relation to intangibles has been separately disclosed in Note 25.

Amortisation on intangible assets is charged to administrative expenses.

The Company does not hold intangible assets.

13. Tangible fixed assets

Group

	Improvements to leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost or valuation						
At 1 August 2022	**812**	**3,916**	**163**	**1,235**	**285**	**6,411**
Additions	**-**	**918**	**-**	**3**	**-**	**921**
Disposals	**-**	**(1,919)**	**(38)**	**(271)**	**(285)**	**(2,513)**
At 31 July 2023	**812**	**2,915**	**125**	**967**	**-**	**4,819**
Depreciation						
At 1 August 2022	**552**	**1,492**	**100**	**466**	**-**	**2,610**
Charge for the year on owned assets	**58**	**661**	**24**	**86**	**-**	**829**
Disposals	**-**	**(520)**	**(38)**	**-**	**-**	**(558)**
At 31 July 2023	**610**	**1,633**	**86**	**552**	**-**	**2,881**
Net book value						
At 31 July 2023	**202**	**1,282**	**39**	**415**	**-**	**1,938**
At 31 July 2022	*260*	*2,424*	*63*	*769*	*285*	*3,801*

The Company does not hold tangible fixed assets.

14. Fixed asset investments

Group

	Investments in associates £000
At 1 August 2022	6
Share of profit/(loss)	(6)
At 31 July 2023	-

PH Medicare Limited is considered to be a related party as an investment in associate with investment value of £1. Share in its operating gain from the date that control has been lost (14 February 2022) has been recognised.

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 August 2022	72,153
At 31 July 2023	72,153

14. Fixed asset investments (continued)

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Polyco Healthline Limited	Polyco Healthline, South Fen Road, Bourne, Lincolnshire, England, PE10 0DN	Marketing, distribution and manufacture of workwear, bags and aprons	Ordinary	100%
Safedon Limited	Polyco Healthline, South Fen Road, Bourne, England, PE10 0DN	Design and development of glove packaging technology; royalty business	Ordinary	100%
Safedon International Limited	Polyco Healthline, South Fen Road, Bourne, England, PE10 0DN	Holding company	Ordinary	100%
Altevo Limited	Polyco Healthline, South Fen Road, Bourne, England, PE10 0DN	Holding company	Ordinary	100%
PH Medical Holdings Limited	Polyco Healthline, South Fen Road, Bourne, England, PE10 0DN	Holding company	Ordinary	100%
Novis Initiis Limited	Polyco Healthline, South Fen Road, Bourne, England, PE10 0DN	Holding company	Ordinary	100%

14. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Medicare Products Limited	Polyco Healthline, South Fen Road, Bourne, England, PE10 0DN	Marketing, distribution and manufacture of domestic, industrial and medical hand protection and healthcare products	Ordinary	100%
Polyco Healthline B.V.	De Boelelaan 7 7th floor, Amsterdam, 1083HJ	Marketing, distribution and manufacture of workwear, bags and aprons	Ordinary	100%
Safedon Malaysia SDN. BHD.	Subang Jaya, Selangor, Malaysia	Design and development of glove packaging technology; royalty business	Ordinary	100%
Polyco Healthline Europe Limited	13-18 City Quay, Dublin 2, Dublin, Ireland, D02ED70	Sale, marketing and distribution of industrial and medical hand protection and healthcare products	Ordinary	100%

15. Stocks

	Group 2023 £000	*Group 2022 £000*
Finished goods and goods for resale	**16,213**	*22,701*

The write-down of stocks to net realisable value amounted to £2,747,542 *(2022: £2,396,343)*.

16. Debtors

	Group 2023 £000	*Group 2022 £000*	**Company 2023 £000**	*Company 2022 £000*
Trade debtors	**15,806**	*13,786*	-	-
Amounts owed by related parties	**5,303**	*8,173*	-	-
Amounts owed by group undertakings	-	-	**29,711**	*29,735*
Other debtors	**889**	*1,069*	**73**	-
Other taxation and social security	**729**	*3,272*	-	*74*
Prepayments and accrued income	**2,722**	*2,145*	-	*153*
	25,449	*28,445*	**29,784**	*29,962*

Amounts owed by related parties pertain to total receivables from PH Medicare Limited which is no longer controlled by the Group during the current year.

Amounts owed by group undertakings are interest free and repayable on demand.

An impairment loss of £253,810 *(2022: £169,066)* was recognised against trade debtors.

17. Cash and cash equivalents

	Group 2023 £000	*Group 2022 £000*	**Company 2023 £000**	*Company 2022 £000*
Cash at bank and in hand	**1,825**	*2,706*	-	-

18. Creditors: Amounts falling due within one year

	Group 2023 £000	*Group As restated 2022 £000*	Company 2023 £000	*Company As restated 2022 £000*
Bank loans	-	*1,885*	-	*1,885*
Working capital bank facilities	12,035	*11,080*	-	-
Trade creditors	15,372	*14,666*	-	-
Amounts owed to group undertakings	-	-	53,598	*57,288*
Amounts owed to related parties	-	*7,335*	-	-
Corporation tax	2,204	*12,652*	-	-
Other taxation and social security	350	*234*	19	-
Other creditors	2,104	*7,983*	277	*277*
Accruals and deferred income	3,520	*4,164*	-	*81*
	35,585	*59,999*	**53,894**	*59,531*

Amounts owed to related parties pertain to total payables to PH Medicare Limited which is no longer controlled by the Group during the current year.

The Group has provided charges and debentures over its assets as security against its bank loans and shareholder loan notes.

The interest in the bank loans is payable monthly and the principal was amortized quarterly until 31 March 2023.

Amounts owed to group undertakings are interest free and payable on demand.

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

	Group	*Group As restated*	**Company**	*Company As restated*
	2023	*2022*	**2023**	*2022*
	£000	*£000*	**£000**	*£000*
Loan notes	**30,750**	*23,500*	**30,750**	*23,500*
Deferred consideration	**5,685**	*5,387*	**5,685**	*5,387*
	36,435	*28,887*	**36,435**	*28,887*

The loan notes comprise of £23,500,000 *(2022: £23,500,000)* fixed rate secured B Loan Notes that bear interest at 5%. These notes are secured and are due to be paid on November 2025.

Loan notes comprise of £7,250,000 *(2022: £Nil)* fixed term unsecured loan notes that bear interest at 6%. These notes are unsecured and due to be repaid on December 2024.

The Group has provided charges and debentures over its assets as security against its bank loans and shareholder loan notes.

Deferred consideration of £5,684,690 as of 31 July 2023 *(2022: £5,386,084)* are the estimates of deferred consideration for acquisition of Safedon International Limited. This pertains to the total discounted estimated amount payable by the Company to the original shareholders of Safedon International Limited upon meeting the criteria mentioned in the acquisition agreement. There has been a prior year restatement in relation to the non current component of deferred consideration as separately disclosed in Note 25.

20. Loans

Analysis of the maturity of loans is given below:

	Group	*Group*	**Company**	*Company*
	2023	*2022*	**2023**	*2022*
	£000	*£000*	**£000**	*£000*
Amounts falling due within one year				
Bank loans	-	*1,885*	-	*1,885*
Amounts falling due 1-2 years				
Loan notes	**7,250**	-	**7,250**	-
Amounts falling due 2-5 years				
Loan notes	**23,500**	*23,500*	**23,500**	*23,500*
	30,750	*25,385*	**30,750**	*25,385*

The loan notes comprise of £23,500,000 *(2022: £23,500,000)* fixed rate secured B Loan Notes that bear interest at 5%. These notes are secured and are due to be paid on November 2025.

Loan notes comprise of £7,250,000 (2022: £Nil) fixed term unsecured loan notes that bear interest at 6%. These notes are unsecured and due to be repaid on December 2024.

21. Deferred taxation

Group

	2023 £000	*2022 £000*
At beginning of year	(6,572)	*(7,000)*
Charged to profit or loss	208	*428*
At end of year	**(6,364)**	*(6,572)*

Company

	2022 £000
At beginning of year	*(392)*
Charged to profit or loss	*392*
At end of year	*-*

The Company has no deferred balances in 2023.

The provision for deferred taxation is made up as follows:

	Group 2023 £000	*Group 2022 £000*	Company 2023 £000	*Company 2022 £000*
Deferred tax on group intangibles	(4,634)	*(5,279)*	-	*-*
Other timing differences	137	*110*	-	*-*
Deferred tax not recognised	(62)	*(56)*	-	*-*
Accelerated capital allowances	(1,805)	*(1,347)*	-	*-*
	(6,364)	*(6,572)*	-	*-*

22. Provisions

Group

	Provision £000
At 1 August 2022	**4,047**
Amounts used	**(4,047)**
At 31 July 2023	**-**

This pertains to the provision of £4 million for the settlement of a dispute with the Department of Health and Social Care (DHSC) reference products supplied in 2020 which is fully resolved in March 2023 and £47 thousand pertains to the provision for incorrectly claimed VAT.

23. Share capital

	2023 £000	*2022 £000*
Allotted, called up and fully paid		
153,536,839 *(2022: 153,536,839)* B1 shares of £0.01 each	**1,536**	*1,536*
5,395,791 *(2022: 5,395,791)* B2 shares of £0.002 each	**11**	*11*
51,178,938 *(2022: 51,178,938)* C1 shares of £0.01 each	**512**	*512*
1,798,595 *(2022: 1,798,595)* C2 shares of £0.002 each	**4**	*4*
	2,063	*2,063*

B1, B2, C1 and C2 shares have the same rights for voting, dividend and return of capital as follows:

Voting
The right to receive notice of and attend and vote at general meetings of the Company. On a show of hands, the holders will have one vote. On a poll, the holders shall have one vote for each share held.

Dividend
The right to receive dividends declared by the Company, to be paid parri pasu amongst the holders of shares in the Company in accordance with Articles 5.2.3 of the Articles of Association (the "Articles").

Return of capital
On an exit (being an asset sale, share sale or listing) all amounts due (principal or interest) under any loan notes issued by the Company must be paid first out of the proceeds or consideration. Any remaining proceeds or consideration available for distribution to the shareholders shall then be allocated and paid pari passu amongst the holders of shares in the Company in accordance with Article 5.4 of the Articles.

24. Reserves

Share premium

Represents the value that the issuance price has exceeded the nominal value of the shares.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the Company.

Treasury Shares

Represents shares that have been purchased by the Company into treasury.

Profit and loss account

Includes all current and prior periods retained profits and losses.

Merger relief reserve

This represents statutory relief from recognising share premium when issuing legal equity shares in order to acquire the legal equity shares of another company where specified conditions are met.

25. Prior year adjustment

The Group previously entered into an agreement for consultancy in relation to the development of intangible assets which included a success fee payable at a future date. This fee should have been accrued for upon commencement of the contract and so a prior period adjustment has been recorded to increase intangible asset cost brought forward at the start of the year by £225,000 and increase accruals by £225,000. There is no impact on net assets, opening reserves or the profit and loss reported in this or earlier years.

A reclassification of the amounts falling due after more than a year amounting to £5,387,382 was recognised in deferred consideration for prior year. This pertains to the non current component of the total discounted estimated amount payable by the Group and Company to the original shareholders of Safedon International Limited.

26. Capital commitments

As at 31 July 2023 the Group had paid a 40% deposit for the purchase of a modular pulp machine £706k. The remaining 60% is due for payment on shipping and installation of the machine £1,059k.

27. Pension commitments

The Group operates defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £765,000 *(2022: £726,000)*. Contributions totalling £45,965 *(2022: £45,052)* were payable to the fund at the reporting date and are included in creditors.

28. Commitments under operating leases

At 31 July 2023 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £000	*Group 2022 £000*
Not later than 1 year	**935**	*700*
Later than 1 year and not later than 5 years	**2,789**	*2,504*
Later than 5 years	**2,142**	*2,747*
	5,866	*5,951*

The Company did not have any commitments under operating leases.

29. *Related party transactions*

D Greenwood
(Director and shareholder)
At the Statement of Financial Position date, the amount due to D Greenwood in relation to loan notes held was £4,975,000 *(2022: £4,975,000)*. Interest accrued in relation to this totalled £248,750 *(2022: £269,796)*. In addition, £237,600 *(2022: £297,000)* was paid for the rental for the use of property owned by D Greenwood & B Prichard Partnership, in which D Greenwood has a 50% stake, and £232,200 *(2022: £232,200)* was paid for the rental for the use of property owned by Fenland Partnership in which D Greenwood has a 50% stake.

A Greenwood
(Spouse of D Greenwood, director and shareholder)
At the Statement of Financial Position date, the amount due to A Greenwood in relation to loan notes held was £4,500,000 *(2022: £1,500,000)*. Interest accrued in relation to this totalled £167,473 *(2022: £81,301)*. The Group paid £54,516 *(2022: £54,516)* for the rental for the use of property owned by Fen Road Property in which A Greenwood has a 20% stake, and £75,600 *(2022: £Nil)* was paid for rental use of property owned by South Fen Property Partnership in which A Greenwood has a 50% stake.

B Prichard
(Director and shareholder)
At the Statement of Financial Position date, the amount due to B Prichard in relation to loan notes held was £1,600,000 *(2022: £1,600,000)*. Interest accrued in relation to this totalled £80,000 *(2022: £90,082)*. In addition, £237,600 *(2022: £297,000)* was paid for the rental for the use of property owned by D Greenwood & B Prichard Partnership, in which B Prichard has a 50% stake, £54,516 *(2022: £54,516)* was paid in rental for the use of property owned by Fen Road Property, in which B Prichard has a 20% stake, and £116,100 *(2022: £116,100)* was paid in rental for the use of property owned by Fenland Partnership, in which B Prichard has a 25% stake.

J Prichard
(Spouse of B Prichard, director and shareholder)
The Group paid £116,100 *(2022: £116,100)* for the rental for the use of property owned by Fenland Partnership, in which J Prichard has a 25% stake, and £75,600 *(2022: £Nil)* was paid for rental use of property owned by South Fen Property Partnership in which J Prichard has a 50% stake.

29. Related party transactions (continued)

J Prichard
(Director and shareholder)
At the Statement of Financial Position date, the amount due to J Prichard in relation to loan notes held was £2,642,500 *(2022: £642,500)*. Interest accrued in relation to this totaled £106,481 *(2022: £66,325)*.

A Prichard
(Spouse of J Prichard, director and shareholder)
At the Statement of Financial Position date, the amount due to A Prichard in relation to loan notes held was £1,142,500 *(2022: £1,142,500)*. Interest accrued in relation to this totaled £57,125 *(2022: £66,325)*.

S Prichard
(Director and shareholder)
At the Statement of Financial Position date, the amount due to S Prichard in relation to loan notes held was £1,000,000 *(2022: £1,000,000)*. Interest accrued in relation to this totalled £50,000 *(2022: £58,317)*.

C Prichard
(Spouse of S Prichard, director and shareholder)
At the Statement of Financial Position date, the amount due to C Prichard in relation to loan notes held was £1,000,000 *(2022: £1,000,000)*. Interest accrued in relation to this totalled £50,000 *(2022: £50,000)*.

L Blustin
(Director and shareholder)
At the Statement of Financial Position date, the amount due to L Blustin in relation to loan notes held was £1,000,000 *(2022: £1,000,000)*. Interest accrued in relation to this totalled £50,000 *(2022: £76,465)*.

P Blustin
(Spouse of L Blustin, director and shareholder)
At the Statement of Financial Position date, the amount due to P Blustin in relation to loan notes held was £1,000,000 *(2022: £1,000.000)*. Interest accrued in relation to this totalled £50,000 *(2022: £75,961)*.

G Wilson
(Spouse of N Wilson, director and shareholder)
At the Statement of Financial Position date, the amount due to G Wilson in relation to loan notes held was £2,375,000 *(2022: £375,000)*. Interest accrued in relation to this totalled £95,627 *(2022: £28,202)*.

Sira Holdings Limited
(A company controlled by J Sira, director)
At the Statement of Financial Position date, the amount due to Sira Holdings Ltd in relation to loan notes held was £8,000,000 *(2022: £8,000,000)*. Interest accrued in relation to this totalled £400,000 *(2022: £425,205)*.

H Blewett
(Spouse of A Blewett, director and shareholder)
At the Statement of Financial Position date, the amount due to H Blewett in relation to loan notes held was £250,000 *(2022: £Nil)*. Interest accrued in relation to this totalled £9,531 *(2022: £Nil)*.

P H Medicare Ltd
(A company controlled by Sira Holdings Limited)
At the Statement of Financial Position date, the amount due to the Group by P H Medicare Ltd was £7,344,607. At the Statement of Financial Position date, the Group owed P H Medicare Ltd £6,150,024. During the year, the Group paid interest to PH Medicare Ltd totalling £95,174.

30. Immediate and Ultimate controlling party

The directors do not deem there to be an ultimate controlling party.

31. Post balance sheet events

On 1 November 2023, the Group extended and renewed their unsecured loan amounting to £7,250,000 which has an initial repayment date on August 2023. Unsecured loan notes are being extended on a rolling basis with a minimum of 12 months. This bears an interest of 6% per annum.

32. Analysis of net debt

	At 1 August 2022 £000	Cash flows £000	At 31 July 2023 £000
Cash at bank and in hand	**2,706**	**(881)**	**1,825**
Debt due after 1 year	**(23,500)**	**(7,250)**	**(30,750)**
Debt due within 1 year	**(1,885)**	**1,885**	**-**
	(22,679)	**(6,246)**	**(28,925)**