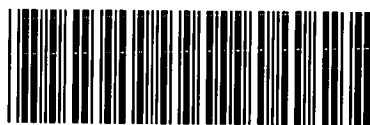


Company Registration No. 01110380 (England and Wales)

PURPLE SURGICAL HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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PURPLE SURGICAL HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R Sharpe J E Sharpe R Lampert
Secretary	P Franklin
Company number	01110380
Registered office	2 Chestnut House Farm Close Shenley Hertfordshire WD7 9AD United Kingdom
Auditor	HW Fisher Acre House 11-15 William Road London NW1 3ER United Kingdom

PURPLE SURGICAL HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Group balance sheet	8
Company balance sheet	9
Group statement of changes in equity	10
Company statement of changes in equity	11
Group statement of cash flows	12
Notes to the financial statements	13 - 29

PURPLE SURGICAL HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019.

The principal activities

The principal activity of the company and group continued to be that of the manufacture and sale of medical and surgical instruments and devices.

Risks and uncertainties

The medical equipment market is highly competitive and margins continue to be under pressure. The group is subject to government policy and the effect of our markets by the general state of the world economy.

The development during the financial year

The 2019 financial year remained challenging in the UK. It is estimated that there was a further 10%+ reduction in elective surgery volumes in the NHS & private sector throughout the year. This came on top of the downturn in surgical volumes experienced in FY2018. It is believed that there are now 4.5m people on the NHS surgery waiting list. Given this extreme economic headwind, our revenue growth of 6.1% is deemed acceptable by the management. Looking forward, the Directors believe that the Government will have no option other than to end healthcare austerity by pumping significant funds in to the NHS to reduce waiting lists. It is expected that the group will begin to be a beneficiary of this additional funding in the second half of FY2020.

Internationally the group fared much better with 15% growth, primarily due to market share gains in Latin America & the Middle East.

The group's business in South Africa declined 8.1% year on year due to the loss of approximately 20% of revenue from third party agencies that the previous management enticed away from Purple Surgical South Africa Proprietary Ltd when they resigned from the Company in October 2017. Significant exceptional legal costs continued to be incurred with positive outcomes. The group ultimately won an Unlawful Competition Injunction against the previous management in February 2019, preventing them from selling any products whatsoever to all designated Purple Surgical South Africa Proprietary Ltd customers. In Q4 of FY2019, the Purple Surgical South Africa Proprietary Ltd began to experience considerable & consistent improvements in revenue, with year on year growth in excess of 24%.

Significant groundwork work was undertaken throughout the year to reduce costs, improve margins and accelerate revenue growth throughout the group and the management are confident that the benefits will be delivered in FY2020.

PURPLE SURGICAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Key performance indicators

In the opinion of the directors the key financial performance indicators are the following:

Turnover

2019: £18,439,464 (2018: £17,376,768)

Turnover is a key measure of the company's economic output and the revenue growth indicates the success of the group's business strategies.

The directors expect to deliver significantly greater revenue growth in FY2020.

Gross profit

2019: £9,183,500 (2018: £8,631,147)

Gross Profit provides an indication of the group's quality and service efficiency.

The directors expect to deliver significantly greater gross profit growth in FY2020.

EBITDA

2019: £3,342,843 (2018: £1,179,762)

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) provides a clear indication of the cash profit generated from the operations of the group.

The very significant improvement in EBITDA in FY2019 confirms that the measures taken by the management to improve the group's financial performance following an extremely challenging FY2018 have had the desired effect. The directors expect to deliver very significant continued EBITDA growth in FY2020.

Financial risk management

The Group's operations expose it to a variety of financial risks that include foreign exchange risk and credit risk. The group has in place a risk management programme that seeks to manage its financial exposure.

Foreign exchange risk

The group is exposed to foreign exchange rate risk in the normal course of business, principally on purchases and sales in Euros and USD. This is mitigated by forward purchasing of currencies.

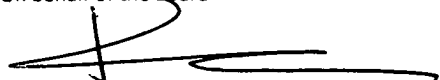
Liquidity and interest rate risk

The Group has adequate cash resources generated from accumulated profits to fund activities.

Credit risk

The Group has implemented policies that require appropriate checks on potential customers before sales are made. The amount of exposure to any individual company is subject to a limit which is assessed regularly by the company.

On behalf of the board



R Sharpe

Director

28/1/20

PURPLE SURGICAL HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R Sharpe
J E Sharpe
R Lampert

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,985,000. The directors do not recommend payment of a further dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.


Changes in presentation of the financial statements

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of its financial risk management objectives and the likely future developments of the business.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board


R Sharpe
Director
Date: 28/1/20

PURPLE SURGICAL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and company will continue in business.

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

PURPLE SURGICAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PURPLE SURGICAL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Purple Surgical Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 FRS 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 30 June 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

PURPLE SURGICAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PURPLE SURGICAL HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



Ross Fabian (Senior Statutory Auditor)
for and on behalf of HW Fisher

Chartered Accountants

Statutory Auditor

Acre House
11 - 15 William Road
London
NW1 3ER
United Kingdom

4 February 2020

PURPLE SURGICAL HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	3	18,439,464	17,376,768
Cost of sales		(9,255,964)	(8,745,621)
Gross profit		9,183,500	8,631,147
Administrative expenses		(6,196,964)	(7,074,413)
Exceptional employment costs	2	-	(745,840)
Operating profit	4	2,986,536	810,894
Interest receivable and similar income		37,091	38,199
Interest payable and similar expenses	8	(108,762)	(270,887)
Profit before taxation		2,914,865	578,206
Tax on profit	9	(635,859)	(113,986)
Profit for the financial year	23	2,279,006	464,220
Total comprehensive income and profit for the financial year is attributable to:			
- Owners of the parent company		1,104,752	700,791
- Non-controlling interests		1,174,254	(236,571)
		2,279,006	464,220

PURPLE SURGICAL HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	10		66,019		102,194
Tangible assets	11		2,991,674		3,125,288
Investments	12		107,143		107,143
			<u>3,164,836</u>		<u>3,334,625</u>
Current assets					
Stocks	15	5,496,710		4,870,985	
Debtors	16	5,020,466		4,769,092	
Cash at bank and in hand		592,025		401,798	
		<u>11,109,201</u>		<u>10,041,875</u>	
Creditors: amounts falling due within one year	17	<u>(5,450,874)</u>		<u>(4,764,856)</u>	
Net current assets			<u>5,658,327</u>		<u>5,277,019</u>
Total assets less current liabilities			<u>8,823,163</u>		<u>8,611,644</u>
Creditors: amounts falling due after more than one year	18		(1,134,602)		(1,244,912)
Provisions for liabilities	20		(138,889)		(111,066)
Net assets			<u>7,549,672</u>		<u>7,255,666</u>
Capital and reserves					
Called up share capital	22		3,960		3,960
Capital redemption reserve	23		2,240		2,240
Profit and loss reserves	23		5,553,469		6,433,717
Equity attributable to owners of the parent company			<u>5,559,669</u>		<u>6,439,917</u>
Non-controlling interests			<u>1,990,003</u>		<u>815,749</u>
			<u>7,549,672</u>		<u>7,255,666</u>

The financial statements were approved by the board of directors and authorised for issue on 28/1/20 and are signed on its behalf by.


R Sharpe
Director

PURPLE SURGICAL HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Investments	12		610,476		600,476
Current assets					
Debtors	16	249,900		249,900	
Creditors: amounts falling due within one year	17	(628,561)		(618,561)	
Net current liabilities			(378,661)		(368,661)
Total assets less current liabilities			231,815		231,815
Capital and reserves					
Called up share capital	22		3,960		3,960
Capital redemption reserve	23		2,240		2,240
Profit and loss reserves	23		225,615		225,615
Total equity			231,815		231,815

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,985,000 (2018 - £220,000)

The financial statements were approved by the board of directors and authorised for issue on 28/1/20 and are signed on its behalf by:


 R Sharpe
 Director

Company Registration No. 01110380

PURPLE SURGICAL HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Capital redemption reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
	£	£	£	£	£	£
Balance at 1 July 2017	3,960	2,240	5,952,926	5,959,126	1,052,320	7,011,446
Year ended 30 June 2018:						
Profit and total comprehensive income for the year	-	-	700,791	700,791	(236,571)	464,220
Dividends	-	-	(220,000)	(220,000)	-	(220,000)
Balance at 30 June 2018	3,960	2,240	6,433,717	6,439,917	815,749	7,255,666
Year ended 30 June 2019:						
Profit and total comprehensive income for the year	-	-	1,104,752	1,104,752	1,174,254	2,279,006
Dividends	-	-	(1,985,000)	(1,985,000)	-	(1,985,000)
Balance at 30 June 2019	3,960	2,240	5,553,469	5,559,669	1,990,003	7,549,672

PURPLE SURGICAL HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2017	3,960	2,240	225,615	231,815
Year ended 30 June 2018:				
Profit and total comprehensive income for the year	-	-	220,000	220,000
Dividends	-	-	(220,000)	(220,000)
Balance at 30 June 2018	3,960	2,240	225,615	231,815
Year ended 30 June 2019:				
Profit and total comprehensive income for the year	-	-	1,985,000	1,985,000
Dividends	-	-	(1,985,000)	(1,985,000)
Balance at 30 June 2019	3,960	2,240	225,615	231,815

PURPLE SURGICAL HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	27	2,979,239		324,757	
Interest paid		(108,762)		(270,887)	
Income taxes paid		(142,698)		(667,236)	
Net cash inflow/(outflow) from operating activities		2,727,779		(613,366)	
Investing activities					
Purchase of tangible fixed assets		(215,954)		(724,618)	
Interest received		37,091		38,199	
Net cash used in investing activities		(178,863)		(686,419)	
Financing activities					
Proceeds from sale and leaseback		-		476,122	
Proceeds of new bank loans		-		1,000,000	
Repayment of bank loans		(378,751)		(142,812)	
Payment of finance leases obligations		(49,713)		(141,430)	
Dividends paid to equity shareholders		(1,985,000)		(220,000)	
Net cash (used in)/generated from financing activities		(2,413,464)		971,880	
Net increase/(decrease) in cash and cash equivalents		135,452		(327,905)	
Cash and cash equivalents at beginning of year		(465,124)		(137,219)	
Cash and cash equivalents at end of year		(329,672)		(465,124)	
Relating to:					
Cash at bank and in hand		592,025		401,798	
Bank overdrafts included in creditors payable within one year		(921,697)		(866,922)	

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

Purple Surgical Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 2 Chestnut House, Farm Close, Shenley, Hertfordshire, WD7 9AD, United Kingdom.

The group consists of Purple Surgical Holdings Limited and all of its subsidiaries.

1.1

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2

Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries are accounted for at cost less impairment.

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Purple Surgical Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 June 2019. The transactions of foreign entities being consolidated have been translated into the Group's functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the group statement of comprehensive income.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future and the company is supported by its group undertakings. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life. The directors are unable to determine a reliable expected life for the goodwill and therefore have applied the maximum period of 10 years as permitted under FRS 102.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	5% straight line
Plant and equipment	10% reducing balance
Fixtures and fittings	10% reducing balance
Computer equipment	33% reducing balance
Motor vehicles	25% reducing balance

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Other investments are initially recognised at cost and subsequently reviewed for impairment.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct costs that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including 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 based on valuations provided by the derivative provider. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful life of assets

Management reviews the useful lives of depreciable assets at each reporting date, based on expected utility of the assets. Uncertainties in these estimates relate to the period that the company intends to derive future economic benefits from the use of these assets. Depreciation is disclosed in note 11.

Stock provision

Stock is valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete inventories. Calculation of these estimates requires judgements to be made, which include forecasting consumer demand and the economic environment. This is reviewed by the management on a regular basis. The directors have provided against stock that has not moved in greater than 12 months at 100% and stock that has not moved in greater than 6 months but less than 12 months at 50%. The stock provision at the year end is £436,458 (2018: £92,172).

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Sale of goods	18,439,464	17,376,768
	<u>18,439,464</u>	<u>17,376,768</u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	9,140,676	7,916,396
Europe	4,499,047	5,318,675
North America	557,617	238,206
Far East	698,731	606,650
Africa and Middle East	2,153,153	2,017,093
South America	1,348,024	1,279,748
Caribbean	42,216	-
	<u>18,439,464</u>	<u>17,376,768</u>

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(104,269)	(65,670)
Depreciation of owned tangible fixed assets	278,322	306,166
Depreciation of tangible fixed assets held under finance leases	41,810	30,109
Loss on disposal of tangible fixed assets	2,144	-
Amortisation of intangible assets	36,175	36,175
Cost of stocks recognised as an expense	7,890,511	7,485,556
Operating lease charges	411,167	465,190
	<u>411,167</u>	<u>465,190</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £15,716 loss (2018: £40,619 gain)

5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	5,000	5,000
Audit of the financial statements of the company's subsidiaries	33,000	32,000
	<u>38,000</u>	<u>37,000</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Production staff	131	91	-	-
Distribution staff	53	23	-	-
Administrative staff	70	21	-	-
Management staff	4	10	-	-
	<u>258</u>	<u>145</u>	<u>-</u>	<u>-</u>

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	3,822,661	3,650,522	-	-
Social security costs	386,258	336,766	-	-
Pension costs	95,595	80,434	-	-
	<u>4,304,514</u>	<u>4,067,722</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>136,000</u>	<u>150,769</u>

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	4,751	14,009
Interest on finance leases and hire purchase contracts	13,266	8,535
Other interest	90,745	248,343
Total finance costs	<u>108,762</u>	<u>270,887</u>

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	660,837	308,996
Adjustments in respect of prior periods	33,916	(203,850)
Total UK current tax	<u>694,753</u>	<u>105,146</u>
Foreign current tax on profits for the current period	<u>(87,958)</u>	<u>24,158</u>
Total current tax	<u>606,795</u>	<u>129,304</u>
Deferred tax		
Origination and reversal of timing differences	<u>29,064</u>	<u>(15,318)</u>
Total tax charge	<u>635,859</u>	<u>113,986</u>

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	2,914,865	578,206
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	553,824	109,859
Tax effect of expenses that are not deductible in determining taxable profit	23,896	185,352
Adjustments in respect of prior years	38,834	(203,850)
Permanent capital allowances in excess of depreciation	8,774	(7,279)
Deferred tax adjustments in respect of prior years	121,941	(15,318)
Non-taxable items	(111,410)	45,222
Taxation charge	635,859	113,986

10 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 July 2018 and 30 June 2019	361,745
Amortisation and impairment	
At 1 July 2018	259,551
Amortisation charged for the year	36,175
At 30 June 2019	295,726
Carrying amount	
At 30 June 2019	66,019
At 30 June 2018	102,194

The company had no intangible fixed assets at 30 June 2019 or 30 June 2018.

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

11 Tangible fixed assets

Group	Freehold land and building	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 July 2018	133,460	2,242,839	1,399,407	1,059,952	267,898	84,063	5,187,619
Additions	-	-	110,905	3,576	9,852	91,621	215,954
Disposals	-	-	-	-	-	(84,063)	(84,063)
At 30 June 2019	133,460	2,242,839	1,510,312	1,063,528	277,750	91,621	5,319,510
Depreciation and impairment							
At 1 July 2018	-	608,749	525,491	676,327	197,137	54,627	2,062,331
Depreciation charged in the year	-	94,781	129,296	52,683	23,216	20,156	320,132
Eliminated in respect of disposals	-	-	-	-	-	(54,627)	(54,627)
At 30 June 2019	-	703,530	654,787	729,010	220,353	20,156	2,327,836
Carrying amount							
At 30 June 2019	133,460	1,539,309	855,525	334,518	57,397	71,465	2,991,674
At 30 June 2018	133,460	1,634,090	873,916	383,625	70,761	29,436	3,125,288

The company had no tangible fixed assets at 30 June 2019 or 30 June 2018.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2019 £	2018 £	Company 2019 £	2018 £
Plant and equipment	311,889	344,080	-	-
Fixtures and fittings	34,124	37,915	-	-
Motor vehicles	176,866	140,665	-	-
	522,879	522,660	-	-
Depreciation charge for the year in respect of leased assets	41,810	30,109	-	-

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

12 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	13	-	-	610,476	600,476
Other investments		107,143	107,143	-	-
		<u>107,143</u>	<u>107,143</u>	<u>610,476</u>	<u>600,476</u>

The director has reviewed the other investments for impairment and has concluded that no impairment is required.

Movements in fixed asset investments

Group	Other investments £
Cost	
At 1 July 2018 and 30 June 2019	<u>107,143</u>
Impairment	
At 1 July 2018 and 30 June 2019	<u>-</u>
Carrying amount	
At 30 June 2019	<u>107,143</u>
At 30 June 2018	<u>107,143</u>

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 July 2018	600,476
Additions	<u>10,000</u>
At 30 June 2019	<u>610,476</u>
Carrying amount	
At 30 June 2019	<u>610,476</u>
At 30 June 2018	<u>600,476</u>

The above addition relates to the purchase of a share of the minority interest held by a 3rd party, in relation to a subsidiary.

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

13 Subsidiaries

Details of the company's subsidiaries at 30 June 2019 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Chartuseful Limited	England	Non-trading holding company	Ordinary	100.00	
Cory Plastics Limited	England	Dormant	Ordinary	100.00	
Purple Surgical International Limited	England	Development, marketing and sale of medical and surgical products	Ordinary	50.00	
Purple Surgical Manufacturing Limited	England	Manufacturing medical disposable products and warehousing	Ordinary	100.00	
Purple Surgical South Africa Proprietary Limited	South Africa	Development, marketing and sale of medical and surgical products	Ordinary		63.00
Purple Surgical UK Limited	England	Development, marketing and sale of medical and surgical products	Ordinary		100.00

The subsidiary, Purple Surgical International Limited, is included in the consolidated financial statements on the basis that Purple Surgical Holdings Limited holds 50% of the shares directly and the other 50% is owned by the controlling party of Purple Surgical Holdings Limited. Purple Surgical International Limited and its subsidiary, Purple Surgical South Africa Proprietary Limited, are managed and controlled as part of the group.

The registered office for all subsidiaries is 2 Chestnut House, Farm Close, Shenley, Hertfordshire, WD7 9AD, United Kingdom, except for Purple Surgical South Africa Proprietary Limited whose registered office is 1 Curzon Road, Cramerview, Bryanston, Gauteng, 2060, South Africa.

14 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	4,049,476	3,807,999	n/a	n/a
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	13,201	60,354	-	-
Measured at amortised cost	5,870,762	5,649,812	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

15 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	1,754,360	1,795,986	-	-
Finished goods and goods for resale	3,742,350	3,074,999	-	-
	<u>5,496,710</u>	<u>4,870,985</u>	<u>-</u>	<u>-</u>

16 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	3,695,437	2,818,681	-	-
Corporation tax recoverable	2,452	109,312	-	-
Amounts owed by group undertakings	-	-	249,900	249,900
Other debtors	674,260	1,305,427	-	-
Prepayments and accrued income	539,466	520,354	-	-
	<u>4,911,615</u>	<u>4,753,774</u>	<u>249,900</u>	<u>249,900</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 20)	108,851	15,318	-	-
	<u>5,020,466</u>	<u>4,769,092</u>	<u>249,900</u>	<u>249,900</u>
Total debtors	<u>5,020,466</u>	<u>4,769,092</u>	<u>249,900</u>	<u>249,900</u>

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

17 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans, overdrafts and other facilities		1,300,447	1,245,672	-	-
Obligations under finance leases	19	91,836	101,936	-	-
Trade creditors		2,555,786	1,831,043	-	-
Amounts due to group undertakings		-	-	628,486	618,486
Financial liabilities		13,201	60,354	-	-
Corporation tax payable		479,547	93,246	-	-
Other taxation and social security		189,459	266,710	-	-
Other creditors		335,903	842,829	75	75
Accruals and deferred income		484,695	323,066	-	-
		<u>5,450,874</u>	<u>4,764,856</u>	<u>628,561</u>	<u>618,561</u>

Financial liabilities are unrealised losses relating to forward foreign exchange contracts.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans		599,687	978,438	-	-
Obligations under finance leases	19	226,861	266,474	-	-
Other creditors		308,054	-	-	-
		<u>1,134,602</u>	<u>1,244,912</u>	<u>-</u>	<u>-</u>

The bank loan is repayable in 48 instalments commencing 1 February 2018. Interest is charged at 2.95% over bank base rate. This loan is secured by a charge on the assets of the group.

19 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Within one year	124,185	95,551	-	-
In two to five years	144,996	223,186	-	-
	<u>269,181</u>	<u>318,737</u>	<u>-</u>	<u>-</u>
Less: future finance charges	49,516	49,673	-	-
	<u>318,697</u>	<u>368,410</u>	<u>-</u>	<u>-</u>

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

19 Finance lease obligations

(Continued)

The financial leases are repayable over 60 monthly payments over a period of 5 years from October 2017 and interest charges range from 8% to 10%.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Group				
Accelerated capital allowances	138,889	111,066	108,851	15,318

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 July 2018	95,748	-
Credit to profit or loss	(65,710)	-
Liability at 30 June 2019	30,038	-

The deferred tax liability set out above consists of the tax effect of timing differences in respect of accelerated capital allowances.

The deferred tax asset set out above consists of timing differences in respect of provisions and accruals.

21 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	95,595	80,434

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

22 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
2,739 Ordinary A shares of £1 each	2,739	2,739
198 Ordinary B shares of £1 each	198	198
198 Ordinary D shares of £1 each	198	198
429 Ordinary E shares of £1 each	429	429
198 Ordinary F shares of £1 each	198	198
198 Ordinary G shares of £1 each	198	198
	<u>3,960</u>	<u>3,960</u>

All classes of shares rank pari passu.

23 Reserves

Capital redemption reserve

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

Profit and loss account

This reserve records retained earnings and accumulated losses.

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	-	194,413	-	-
	<u>-</u>	<u>194,413</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>194,413</u>	<u>-</u>	<u>-</u>

PURPLE SURGICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

25 Related party transactions

Group

The group was under the control of R Sharpe throughout the current year.

The group rented premises from the R Sharpe Pension Fund. Rent paid during the year amounted to £261,236 (2018: £315,274).

Included in debtors are loans advanced to Shenleybury Limited, a company under common control. The balance owed at 30 June 2019 was £218,718 (2018: £317,442). In addition the group rents premises from Shenleybury Limited. Rent paid during the year amounted to £135,320 (2018: £127,025).

Included in creditors is an amount of £5,107 (2018: £nil) owed to a director.

Included in debtors is an amount of £nil (2018: £647,392) owed by a director.

26 Contingencies

There are cross guarantees and debentures in existence in respect of the borrowing of all the group companies totalling £1,900,134 (2018: £2,224,110).

27 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	2,279,006	464,220
Adjustments for:		
Taxation charged	635,859	113,986
Finance costs	108,762	270,887
Investment income	(37,091)	(38,199)
Gain on disposal of tangible fixed assets	29,436	-
Amortisation and impairment of Intangible assets	36,175	36,175
Depreciation and impairment of tangible fixed assets	320,132	336,275
Increase/(decrease) in provisions	27,823	(15,318)
Movements in working capital:		
(Increase) in stocks	(625,725)	(634,197)
(Increase) in debtors	(358,234)	(24,992)
Increase/(decrease) in creditors	563,096	(184,080)
Cash generated from operations	2,979,239	324,757