

**Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 March 2020
for
Rocket Medical Plc**



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for the Year Ended 31 March 2020**

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Rocket Medical Plc

**Company Information
for the Year Ended 31 March 2020**

DIRECTORS: R L Bernberg
S Hastings
J D Jackson
L Todd

SECRETARY: J D Jackson

REGISTERED OFFICE: Imperial Way
Watford
Hertfordshire
WD24 4XX

REGISTERED NUMBER: 03276608

SENIOR STATUTORY AUDITOR: David Davis

AUDITORS: Cameron Baum Davis LLP
(Statutory Auditors)
88 Crawford Street
London
W1H 2EJ

Rocket Medical Plc (Registered number: 03276608)

**Strategic Report
for the Year Ended 31 March 2020**

The directors present their strategic report for the year ended 31 March 2020.

REVIEW OF BUSINESS

The company is a manufacturer of single use medical devices. The company had another good year with sales increasing significantly. Sales grew especially well in the USA market after agreeing an exclusive distribution agreement with a US multinational.

On 1st April 2019 Rocket Medical LLC was formed, which took over the operations that had been running as a branch of Rocket Medical plc.

On 31st March 2020 Rocket Medical (Canada) ceased trading as a direct operation in Canada, and the Directors appointed a distributor to continue to grow the business.

The Company's turnover has increased by almost 3.5% from £22,709,144 to £23,507,785. Last year's turnover included the sales from USA branch which was incorporated at the start of this financial year. Therefore, the actual increase in turnover is considered to be higher than the above mentioned turnover amount. The increase in sales is mainly due to increased sales in USA. The Company's net current assets have reduced by £1.45mn. This reduction is due to an increase in the amount owed to subsidiaries undertakings. The overall cash has increased by £1mn to £5.3mn. The company's net current assets as at 31 March 2020 stands at £10.9mn. The above performance indicates that the company's financial position has further strengthened.

Covid19 has led to a reduction in non-essential surgery on a worldwide basis in the early part of the 2020-21 financial reporting period. This has impacted the company with sales down on the previous period by approximately 10%. It is unlikely that the company will recover its sales and profits for the full year ended March 2021 to the same level as March 2020, however, the directors are confident that trading in the following 12 months will exceed previously reported levels."

PRINCIPAL RISKS AND UNCERTAINTIES

There has been a lot of turmoil in the market, and regulatory changes have been significant with the onset of MDR (Medical Device Regulation) commencing in 2020, which have now been delayed to 2021 as a result of Covid 19. This will have implications for all medical device companies. It is likely some products will cease to be commercially viable.

In addition the UK will not be adopting MDR, but creating a new UKCA (United Kingdom Conformity Assessed) standard, thus the company will have to comply with both sets of regulations.

The Company is exposed to currency fluctuations, but has a natural hedge in buying and selling in Dollars, Euros and Pounds. Covid 19 hardly affected the accounts to March 2020, but has affected elective surgery worldwide, since then, which has impacted the company's ability to sell, with sales to date in the following reporting period down approximately 10%. While sales have been recovering since the end of lockdown across the World since the summer of 2020, the directors do not expect results for the year to March 2021 to reach the levels of March 2020 but do expect the results to March 2022 to exceed those of this reporting period.

Product Liability risk is managed by our Quality and regulatory processes and good insurance coverage. The company is committed to continue its investment in resources towards high quality products which are in compliance with the UK and other major countries' product safety regulations. A Regulatory Affairs and Quality control department is in place overlooking the production and documentation processes. The products and processes are further audited by a Notified Body to satisfy UK and other international products safety requirements.

**Strategic Report
for the Year Ended 31 March 2020**

SECTION 172(1) STATEMENT

The directors have had regard to the matters set out in Section 172(1) when performing their duties so as to promote the success of the company for the benefit of its members as a whole while considering the long term consequences of decisions, its employees interests, fostering business relationships, operational impact on the community and environment, maintenance of a reputation for high standards of business conduct and the need to act fairly between members of the company.

The directors are aware that they are also ultimate members of the group and acknowledge that decisions that they make need to be fair as between themselves whilst they also approach decisions with the need for keeping employee interests and business reputation as key factors affecting such decisions.

The directors obtain feedback from employees as to suggestions to improve working practices. Shareholder meetings are organised regularly during the year so that concerns of shareholders may be reflected in management decisions.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'J D Jackson', written over a horizontal line.

J D Jackson - Director

17 November 2020

Rocket Medical Plc (Registered number: 03276608)

**Report of the Directors
for the Year Ended 31 March 2020**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacturer of single use medical devices.

DIVIDENDS

The total distribution of dividends for the year ended 31 March 2020 will be £1,967,349.

RESEARCH AND DEVELOPMENT

The company has continued to invest in research and development expenditure in relation to surgical and medical equipment.

FUTURE DEVELOPMENTS

The directors anticipate continued growth in both home and export markets.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

R L Bernberg
S Hastings
J D Jackson
L Todd

CURRENCY RISK

The policy on currency risk is covered in the Strategic Report.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Engagement with employees

The directors have continually acted during the financial year in a way to introduce, maintain or develop arrangements aimed at:

- i. Providing employees systematically with information on matters of concern to them as employees
- ii. Consulting employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests
- iii. Achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

Engagement with suppliers, customers and others

The directors have had regard to the need to foster the company's business relationships with suppliers, customers and other relevant parties, and the effect of that approach, including its impact on the principal decisions taken by the company during the financial year, is influenced by understanding that without these key business relationships the business would be negatively impacted. Any principal decision is discussed keeping in mind any possible impact of that decision on suppliers and customers and other relevant parties.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

The company did not consider it appropriate as an owner managed entity to establish and apply any corporate governance code for the financial year. The arrangements for corporate governance which were applied in the year were board discussions to ensure management was effective, entrepreneurial and prudent so that long-term success of the company would be delivered.

The company remained headed by an effective board collectively responsible for the long-term success of the company with no one individual having unfettered power of decision making.

The directors have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively. The board obtains in a timely manner information in a form and of a quality appropriate to enable it to discharge its duties. The board undertakes a regular evaluation of its own performance and of that of individual directors.

The directors determine the nature and extent of the principal risks the company is willing to take in achieving its strategic objectives. The directors maintain sound risk management and internal control systems.

**Report of the Directors
for the Year Ended 31 March 2020**

STREAMLINED ENERGY AND CARBON REPORTING

Rocket Medical Plc believes that we have a responsibility to care for and protect the environment. Whilst we manufacture and market sterile medical devices which, by design are disposable due to the hazard associated with cross infection, we are fully committed to improving environmental performance across all of our business activities.

Our environmental policy sets out the boards commitment to this across the areas of energy consumption, recycling, waste generation, transport and supply chain.

We have invested in an energy efficient infrastructure, including automatic LED lighting, along with the purchase of new energy efficient moulding machines, which has reduced our energy consumption throughout the operation.

We have a well-established programme of continuous improvement, leading to lean manufacturing practices and processes which helps reduce the environmental impact of our products.

Recycling plays a major part in our activities both utilising recyclable and recycling packaging materials along with recycling materials from our manufacturing process. Two way product transportation, utilising a local work force and tighter departmental budgets have led to a reduction in emissions due to travel.

We continue to look at ways to reduce our environmental impact through product design and working with our suppliers to improve their processes and packaging to reduce emissions.

We continue to make every effort to ensure that our environmental performance plays an integral part of our daily activities which is promoted by both staff and sub-contractors to the business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

Rocket Medical Plc (Registered number: 03276608)

**Report of the Directors
for the Year Ended 31 March 2020**

AUDITORS

The auditors, Cameron Baum Davis LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'J D Jackson', with a long horizontal flourish extending to the right.

J D Jackson - Director

17 November 2020

Report of the Independent Auditors to the Members of Rocket Medical Plc

Opinion

We have audited the financial statements of Rocket Medical Plc (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:

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

Report of the Independent Auditors to the Members of Rocket Medical Plc

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

David Davis (Senior Statutory Auditor)
for and on behalf of Cameron Baum Davis LLP
(Statutory Auditors)
88 Crawford Street
London
W1H 2EJ

17 November 2020

Rocket Medical Plc (Registered number: 03276608)

Income Statement
for the Year Ended 31 March 2020

	Notes	31.3.20 £	31.3.19 £
TURNOVER	3	23,507,785	22,709,144
Cost of sales		<u>(12,128,694)</u>	<u>(11,155,025)</u>
GROSS PROFIT		11,379,091	11,554,119
Distribution costs		(140,023)	(295,233)
Administrative expenses		<u>(6,232,914)</u>	<u>(6,866,878)</u>
		5,006,154	4,392,008
Other operating income		<u>39,059</u>	<u>-</u>
OPERATING PROFIT	6	5,045,213	4,392,008
Income from fixed asset investments		1,485	1,387
Interest receivable and similar income	7	<u>77,332</u>	<u>66,553</u>
PROFIT BEFORE TAXATION		5,124,030	4,459,948
Tax on profit	8	<u>(734,215)</u>	<u>(544,673)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>4,389,815</u></u>	<u><u>3,915,275</u></u>

The notes form part of these financial statements

Rocket Medical Plc (Registered number: 03276608)

Other Comprehensive Income
for the Year Ended 31 March 2020

	Notes	31.3.20 £	31.3.19 £
PROFIT FOR THE YEAR		4,389,815	3,915,275
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,389,815</u>	<u>3,915,275</u>

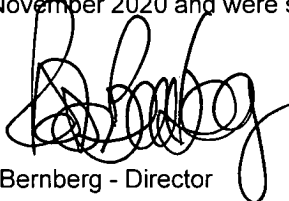
The notes form part of these financial statements

Rocket Medical Plc (Registered number: 03276608)

Balance Sheet
31 March 2020

	Notes	31.3.20 £	31.3.19 £
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	1,596,060	1,296,112
Investments	12	3,699,348	998
		<u>5,295,408</u>	<u>1,297,110</u>
CURRENT ASSETS			
Stocks	13	4,171,257	4,271,118
Debtors	14	5,134,186	6,112,253
Cash at bank and in hand		5,386,768	4,323,355
		<u>14,692,211</u>	<u>14,706,726</u>
CREDITORS			
Amounts falling due within one year	15	(3,813,600)	(2,378,913)
NET CURRENT ASSETS			
		<u>10,878,611</u>	<u>12,327,813</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		16,174,019	13,624,923
PROVISIONS FOR LIABILITIES			
	17	(139,104)	(12,474)
NET ASSETS			
		<u>16,034,915</u>	<u>13,612,449</u>
CAPITAL AND RESERVES			
Called up share capital	18	411,000	411,000
Share premium	19	1,227	1,227
Retained earnings	19	15,622,688	13,200,222
SHAREHOLDERS' FUNDS			
		<u>16,034,915</u>	<u>13,612,449</u>

The financial statements were approved by the Board of Directors and authorised for issue on 17 November 2020 and were signed on its behalf by:



R L Bernberg - Director

Rocket Medical Plc (Registered number: 03276608)

**Statement of Changes in Equity
for the Year Ended 31 March 2020**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2018	411,000	11,181,168	1,227	11,593,395
Changes in equity				
Dividends	-	(1,896,221)	-	(1,896,221)
Total comprehensive income	-	3,915,275	-	3,915,275
Balance at 31 March 2019	<u>411,000</u>	<u>13,200,222</u>	<u>1,227</u>	<u>13,612,449</u>
Changes in equity				
Dividends	-	(1,967,349)	-	(1,967,349)
Total comprehensive income	-	4,389,815	-	4,389,815
Balance at 31 March 2020	<u>411,000</u>	<u>15,622,688</u>	<u>1,227</u>	<u>16,034,915</u>

The notes form part of these financial statements

**Cash Flow Statement
for the Year Ended 31 March 2020**

	Notes	31.3.20 £	31.3.19 £
Cash flows from operating activities			
Cash generated from operations	1	5,697,577	4,447,116
Tax paid		(342,183)	(322,126)
Net cash from operating activities		<u>5,355,394</u>	<u>4,124,990</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(592,503)	(584,938)
Purchase of fixed asset investments		(3,698,350)	(88)
Sale of tangible fixed assets		69,384	74,861
Interest received		77,332	66,553
Dividends received		1,485	1,387
Net cash from investing activities		<u>(4,142,652)</u>	<u>(442,225)</u>
Cash flows from financing activities			
Amount introduced by directors		-	41
Amount withdrawn by directors		(35)	-
Movement in group loans		1,818,055	363,632
Equity dividends paid		(1,967,349)	(1,896,221)
Net cash from financing activities		<u>(149,329)</u>	<u>(1,532,548)</u>
Increase in cash and cash equivalents		<u>1,063,413</u>	<u>2,150,217</u>
Cash and cash equivalents at beginning of year	2	4,323,355	2,173,138
Cash and cash equivalents at end of year	2	<u><u>5,386,768</u></u>	<u><u>4,323,355</u></u>

Notes to the Cash Flow Statement
for the Year Ended 31 March 2020

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.3.20	31.3.19
	£	£
Profit before taxation	5,124,030	4,459,948
Depreciation charges	227,005	198,808
Profit on disposal of fixed assets	(3,834)	(53,155)
Finance income	(78,817)	(67,940)
	<u>5,268,384</u>	<u>4,537,661</u>
Decrease/(increase) in stocks	99,861	(219,492)
Decrease/(increase) in trade and other debtors	616,253	(465,743)
(Decrease)/increase in trade and other creditors	(286,921)	594,690
	<u>5,697,577</u>	<u>4,447,116</u>
Cash generated from operations	<u><u>5,697,577</u></u>	<u><u>4,447,116</u></u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 March 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	<u>5,386,768</u>	<u>4,323,355</u>

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	<u>4,323,355</u>	<u>2,173,138</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.19	Cash flow	At 31.3.20
	£	£	£
Net cash			
Cash at bank and in hand	4,323,355	1,063,413	5,386,768
	<u>4,323,355</u>	<u>1,063,413</u>	<u>5,386,768</u>
Total	<u><u>4,323,355</u></u>	<u><u>1,063,413</u></u>	<u><u>5,386,768</u></u>

**Notes to the Financial Statements
for the Year Ended 31 March 2020**

1. STATUTORY INFORMATION

Rocket Medical Plc is a public (non-traded) company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Preparation of consolidated financial statements

The financial statements contain information about Rocket Medical Plc as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Rocket Medical Group Plc, Bermer House, Imperial Way, Watford, WD24 4XX.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Significant judgements and estimates

The directors consider two main areas where judgement and estimates have been relied upon:

Stock valuation: The stock is valued on standard costing basis. The unit costs are determined on the basis of budgeted costs and then multiplied by the quantities in the stock.

The budgeted costs are based actual costs incurred immediately prior to the year end.

Depreciation: The depreciation rates are based on estimated useful lives of plant and machinery. A large number of plant and machinery purchased to be used in the manufacturing department are of high value and have a long useful lives. The management use their judgement and experience to determine the depreciation rates which represents the actual usage and wear and tear of those assets.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax. Turnover is recorded upon raising a despatched note for the delivery of goods to customers. Where goods are returned a credit is recorded upon receipt and acceptance of the goods.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2014, is being amortised evenly over its estimated useful life of three years.

Purchased goodwill is written off by way of an annual charge to the Profit and Loss Account over three year.

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

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Plant and machinery	- 10% on cost and Estimated useful life
Fixtures and fittings	- 10% on cost
Motor vehicles	- 25% on cost

Assets are held at cost less accumulated depreciation and impairment charges.

The net book value of plant and machinery purchased before 31st March 2018 is depreciated over ten years.

Investments in subsidiaries

Investments in subsidiaries are recognised at cost less impairment charges.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

All the financial assets and liabilities, i.e. payables and receivables are initially measured at transaction price (including transaction costs).

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

The R&D tax claims are being recognised on the basis of claim made during the year. Additionally, Patent

Box tax claims are accounted for as received.

Deferred tax

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

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

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

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

2. ACCOUNTING POLICIES - continued

Research and development

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

Foreign currencies

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

Pension costs and other post-retirement benefits

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

There are no on-going pension commitments as all pension funds to which the company contributes on behalf of directors and employees are defined pension contribution pension schemes.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Operating lease

Rental payments under operating leases are charged to the account on a straight line basis over the period of lease.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.3.20	31.3.19
	£	£
United Kingdom	12,563,217	12,113,946
Rest of World	10,944,568	10,595,198
	<u>23,507,785</u>	<u>22,709,144</u>

4. EMPLOYEES AND DIRECTORS

	31.3.20	31.3.19
	£	£
Wages and salaries	6,175,432	6,232,487
Social security costs	731,102	722,501
Other pension costs	282,555	313,550
	<u>7,189,089</u>	<u>7,268,538</u>

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

	31.3.20	31.3.19
	<u>229</u>	<u>213</u>

Included as part of research and development costs in note 6, £898,486 (2019: £839,063) relates to staff research and development. The total staff costs including these additional costs totalled £8,087,575 in the year (2019: £8,107,600).

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

5. DIRECTORS' EMOLUMENTS

	31.3.20 £	31.3.19 £
Directors' remuneration	1,012,456	899,440
Directors' pension contributions to money purchase schemes	43,076	39,594
	<u>1,055,532</u>	<u>939,034</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2	2
Money purchase schemes	<u>2</u>	<u>2</u>

HIGHEST PAID DIRECTOR

	31.3.20 £	31.3.19 £
Emoluments etc.	389,103	303,074
Pension contribution to money purchase schemes	-	-
	<u>389,103</u>	<u>303,074</u>

50% of the highest paid director's salary and pension cost has been allocated to research and development. Therefore, the total emoluments of the highest paid director including the charge to research and development is £778,207.

The total directors' remuneration for the year ended 31 March 2020 was £1,444,635.

The directors do not consider there to be any key management other than the directors of Rocket Medical Plc.

6. OPERATING PROFIT

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

	31.3.20 £	31.3.19 £
Depreciation - owned assets	227,005	198,808
Profit on disposal of fixed assets	(3,834)	(53,155)
Auditors' remuneration	23,125	38,000
Auditor's fee (Tax compliance)	2,000	2,000
Foreign exchange differences	(39,059)	69,216
Research and development	1,145,153	1,043,101
	<u>1,354,390</u>	<u>1,297,970</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.3.20 £	31.3.19 £
Bank interest	23,572	18,745
Other interest	53,760	47,808
	<u>77,332</u>	<u>66,553</u>

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

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.3.20 £	31.3.19 £
Current tax:		
UK corporation tax	607,585	542,895
Deferred tax	126,630	1,778
Tax on profit	<u>734,215</u>	<u>544,673</u>

Reconciliation of total tax charge included in profit and loss

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

	31.3.20 £	31.3.19 £
Profit before tax	<u>5,124,030</u>	<u>4,459,948</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	973,566	847,390
Effects of:		
Capital allowances in excess of depreciation	(83,959)	(52,442)
Non deductible expenses	1,114	5,856
R & D relief	(282,853)	(257,646)
Franked investment income	(283)	(264)
Deferred tax charge	126,630	1,779
Total tax charge	<u>734,215</u>	<u>544,673</u>

9. DIVIDENDS

	31.3.20 £	31.3.19 £
Ordinary shares of £1 each		
Dividend Ordinary	<u>1,967,349</u>	<u>1,896,221</u>

The above dividend represents interim dividends declared during the year.

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

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 April 2019	998,382
Disposals	(998,382)
	<u> </u>
At 31 March 2020	-
	<u> </u>
AMORTISATION	
At 1 April 2019	998,382
Eliminated on disposal	(998,382)
	<u> </u>
At 31 March 2020	-
	<u> </u>
NET BOOK VALUE	
At 31 March 2020	-
	<u> </u>
At 31 March 2019	-
	<u> </u>

11. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2019	5,260,418	996,862	274,216	6,531,496
Additions	392,573	115,490	84,440	592,503
Disposals	-	(28,570)	(113,235)	(141,805)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2020	5,652,991	1,083,782	245,421	6,982,194
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
At 1 April 2019	4,488,175	668,791	78,418	5,235,384
Charge for year	109,894	36,452	80,659	227,005
Eliminated on disposal	-	-	(76,255)	(76,255)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2020	4,598,069	705,243	82,822	5,386,134
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
At 31 March 2020	1,054,922	378,539	162,599	1,596,060
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2019	772,243	328,071	195,798	1,296,112
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Listed investments £	Totals £
COST			
At 1 April 2019	997	1	998
Additions	3,698,350	-	3,698,350
	<u>3,699,347</u>	<u>1</u>	<u>3,699,348</u>
At 31 March 2020	3,699,347	1	3,699,348
	<u>3,699,347</u>	<u>1</u>	<u>3,699,348</u>
NET BOOK VALUE			
At 31 March 2020	3,699,347	1	3,699,348
	<u>3,699,347</u>	<u>1</u>	<u>3,699,348</u>
At 31 March 2019	997	1	998
	<u>997</u>	<u>1</u>	<u>998</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Rocket Medical Pty Limited

Registered office: O'Brien Bousamara & Co Pty Ltd, Suite 209-1 Katherine Street, Chatswood, NSW 2067

Nature of business: Suppliers of single use medical devices

	% holding		
Class of shares:	100.00		
Ordinary		31.3.20	31.3.19
		£	£
Aggregate capital and reserves		381,511	412,586
Profit for the year		28,172	44,692
		<u>381,511</u>	<u>412,586</u>

Country of incorporation: Australia

Rocket Medical GmbH

Registered office: Am Rosengarten 48, 15566 Schoeneiche bei Berlin, Germany.

Nature of business: Suppliers of single use medical devices

	% holding		
Class of shares:	100.00		
Ordinary		31.3.20	31.3.19
		£	£
Aggregate capital and reserves		(56,598)	(70,519)
Profit for the year		10,922	3,227
		<u>(56,598)</u>	<u>(70,519)</u>

Country of incorporation: Germany

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

12. FIXED ASSET INVESTMENTS - continued

Rocket Medical (NZ) Limited

Registered office: Level 10, 48 Ward Street, Hamilton

Nature of business: Suppliers of single use medical devices

	%		
Class of shares:	holding		
Ordinary	100.00	31.3.20	31.3.19
		£	£
Aggregate capital and reserves		63,599	49,530
Profit for the year		<u>8,876</u>	<u>14,562</u>

Country of incorporation: New Zealand

Rocket Medical Canada Inc.

Registered office: Stewart McKelvey, 1959 Upper Water Street Suite 900, Halifax NS B3J 3N2

Nature of business: Suppliers of single use medical devices

	%		
Class of shares:	holding		
Ordinary	100.00	31.3.20	31.3.19
		£	£
Aggregate capital and reserves		(31,426)	(38,993)
Profit for the year		<u>7,567</u>	<u>3,395</u>

Country of incorporation: Canada

Rocket Medical B.V

Registered office: Vijzelstraat 20 4e verdiepin 1017HK AMSTERDAM

Nature of business: Suppliers of single use medical devices

	%		
Class of shares:	holding		
Ordinary	100.00	31.3.20	31.3.19
		£	£
Aggregate capital and reserves		38,773	29,681
Profit for the year		<u>12,285</u>	<u>21,500</u>

Country of incorporation: Netherlands

Rocket Medical (IE) Limited

Registered office: Unit 3, Howth Junction Business Centre, Dublin 5, D05 N8E2

Nature of business: Suppliers of single use medical devices

	%		
Class of shares:	holding		
Ordinary	100.00	31.3.20	31.3.19
		£	£
Aggregate capital and reserves		30,090	12,311
Profit for the year		<u>17,078</u>	<u>12,223</u>

Country of incorporation: Ireland

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

12. FIXED ASSET INVESTMENTS - continued

Rocket Medical LLC

Registered office: 50 Corporate Park, DR Suite 890, Pembroke MA02359

Nature of business: Suppliers of single use medical devices

Class of shares:	%	
	holding	
		31.3.20
		£
Aggregate capital and reserves		<u>207,655</u>

Country of incorporation: United States of America

Listed investments represent complimentary shares allotted by AVIVA Plc free of charge.

13. STOCKS

	31.3.20	31.3.19
	£	£
Raw materials	2,255,509	1,963,285
Work-in-progress	205,407	207,835
Finished goods	1,710,341	2,099,998
	<u>4,171,257</u>	<u>4,271,118</u>

14. DEBTORS

	31.3.20	31.3.19
	£	£
Amounts falling due within one year:		
Trade debtors	2,424,603	3,076,464
Amounts owed by group undertakings	1,275,376	1,640,998
Other debtors	6,093	21,328
Prepayments and accrued income	224,326	173,483
	<u>3,930,398</u>	<u>4,912,273</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>1,203,788</u>	<u>1,199,980</u>
Aggregate amounts	<u>5,134,186</u>	<u>6,112,253</u>

Amount owed by Group Undertakings of more than one year attract a market rate of interest in the home market of the debtor.

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

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.20	31.3.19
	£	£
Trade creditors	384,089	675,375
Amounts owed to group undertakings	1,456,241	-
Tax	634,727	369,325
Social security and other taxes	177,846	163,672
VAT	332,805	212,696
Other creditors	31,751	35,560
Directors' current accounts	6	41
Accruals and deferred income	796,135	922,244
	<u>3,813,600</u>	<u>2,378,913</u>

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.20	31.3.19
	£	£
Within one year	285,000	285,000
Between one and five years	1,340,000	1,425,000
In more than five years	800,000	1,000,000
	<u>2,425,000</u>	<u>2,710,000</u>

17. PROVISIONS FOR LIABILITIES

	31.3.20	31.3.19
	£	£
Deferred tax	<u>139,104</u>	<u>12,474</u>
		Deferred tax
		£
Balance at 1 April 2019		12,474
Provided during year		<u>126,630</u>
Balance at 31 March 2020		<u>139,104</u>

The deferred tax liability is provided to account for tax liability arising due to accelerated capital allowances.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.3.20	31.3.19
Number:	Class:	Nominal value:	£	£
411,000	Ordinary	£1	<u>411,000</u>	<u>411,000</u>

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

19. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 April 2019	13,200,222	1,227	13,201,449
Profit for the year	4,389,815		4,389,815
Dividends	(1,967,349)		(1,967,349)
At 31 March 2020	<u>15,622,688</u>	<u>1,227</u>	<u>15,623,915</u>

20. ULTIMATE PARENT COMPANY

Rocket Medical Holdings Ltd (incorporated in the British Virgin Islands) is regarded by the directors as being the company's ultimate parent company.

Rocket Medical Group Plc is the company's immediate parent company which prepares the consolidated financial statements incorporating the financial statements of Rocket Medical Plc and its subsidiaries.

21. ULTIMATE CONTROLLING PARTY

The directors consider that there is no one controlling party.