

**Company Registration No. 942245**

**HUNTLEIGH HEALTHCARE  
LIMITED**

**Report and Financial Statements**

**31 December 2015**

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# **HUNTLEIGH HEALTHCARE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2015**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>4</b>
<b>Independent Auditors' report</b>	<b>7</b>
<b>Profit and loss account</b>	<b>9</b>
<b>Statement of comprehensive income</b>	<b>10</b>
<b>Balance sheet</b>	<b>11</b>
<b>Statement of changes in equity</b>	<b>12</b>
<b>Notes to the financial statements</b>	<b>13</b>

# **HUNTLEIGH HEALTHCARE LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **Directors**

P Cashin  
R M Bloom  
A J Scott-Green  
F Lara

### **Secretary**

R Bloom

### **Registered Office**

Arjohuntleigh House  
Houghton Hall Business Park  
Houghton Regis  
Dunstable  
Bedfordshire  
United Kingdom  
LU5 5XF

### **Bankers**

Barclays Bank Plc  
5 The North Colonnade  
Canary Wharf  
London  
E14 4BD

Svenska Handelsbanken AB  
4 Moorgate  
London  
EC2R 6DA

### **Solicitors**

Gowling WLG  
Two Snowhill  
Birmingham  
B4 6WR

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
10 Bricket Road  
St Albans  
Herts  
United Kingdom  
AL1 3JX

# **HUNTLEIGH HEALTHCARE LIMITED**

## **STRATEGIC REPORT**

The directors present their strategic report for the year ended 31 December 2015.

### **PERFORMANCE REVIEW AND DEVELOPMENT**

The principal activities of the company during the year continued to be the development, manufacture and distribution of electromedical equipment.

The results for the year are set out in the profit and loss account on page 8. The company traded satisfactorily during 2015 and is in a good position to take advantage of any further opportunities which may arise. Further progress is expected in the future.

### **KEY PERFORMANCE INDICATORS**

Turnover in total has remained at the same level (2014: decreased by 6.0%) compared with the previous year. All of the turnover has come from continued operations.

The company's gross profit margin has decreased to 47.9% (2014: 48.2%) and working capital (the ratio of current assets to current liabilities) has increased to 1.15:1 (2014 1.14:1).

There were 152 employees on 31 December 2015 (2014 - 156 employees).

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Competitive pressure is a continuing risk for the company which could result in it losing sales to key competitors. The company manages this risk by being responsive to customers' needs and maintaining strong relationships with its customers.

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund obligations as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk.

#### *Interest - rate risks*

The company participates in a UK cash pooling arrangement to keep interest charges to a minimum. Long term borrowing facilities are provided by another group company on fixed interest rates.

#### *Liquidity and cash flow risks*

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future growth developments the company maintains a strong working capital position and has access to long and short term debt finance.

#### *Currency risks*

Payments as a result of sales income and expenses for goods sold in foreign currencies cause currency exposure that affects company profits in the event of exchange rate fluctuations. Major currencies such as Euro and US Dollar are hedged by Getinge AB (the company's ultimate parent) to mitigate this risk. Group foreign exchange rates are set at the start of the year based on the hedged rates available and the company is able to buy and sell money at these rates internally and all intercompany trade is conducted using these rates to minimise any foreign exchange exposure.

# **HUNTLEIGH HEALTHCARE LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

#### *Credit risks*

The company's principal financial assets are bank balances and cash, trade and other receivables and investments. Commercial credit risks are limited by a diverse, creditworthy customer base.

The largest external customer in the UK is the NHS which is inherently low risk. Any debtors where payment is in doubt have been provided against and the provision is reflected in operating profit.

The company has no significant concentration of credit risk with exposure spread over a large number of counterparties, customers and countries.

#### *Price risks*

The company is subject to price risk on sale of goods to third parties. It controls this risk by ensuring it is not dependent on one customer. Other purchases and sales are between group companies where group policy and direction ensures that prices are fair and result in a commercial return for the services provided.

Approved by the Board of Directors and signed on behalf of the Board.



A J Scott-Green

Director

9 September 2016

# **HUNTLEIGH HEALTHCARE LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 2015.

### **GOING CONCERN**

The company has a deed of guarantee in place with its ultimate parent undertaking, Getinge AB, which irrevocably guarantees to provide financial support to the company as may from time to time be necessary to enable the company to perform its business and satisfy its financial obligations as they fall due for the foreseeable future. The directors have assessed the ability of Getinge AB to provide that support and, on that basis, have concluded that the application of the going concern basis of preparation for the financial statements is appropriate.

### **DIVIDENDS**

No dividends were paid out in the current year (2014: £ £3,250,000).

### **DIRECTORS**

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

P Cashin  
R M Bloom  
F Lara  
A J Scott-Green

### **EMPLOYEE POLICY**

The company's policy is to provide equality of employment opportunity, through training, career development and promotion. It supports the employment of disabled people wherever possible, by recruitment and by retraining all those who become disabled during their employment.

Effective communication with all employees is ensured through a variety of different practices such as works and health and safety committees, continual in-house refresher and training courses and periodic briefings by senior managers. These practices ensure that the views of employees are taken into account in making decisions that are likely to affect their interests and that employees are aware of financial and economic factors that affect the performance of the company.

### **HEALTH AND SAFETY AND THE ENVIRONMENT**

The company continuously refines its detailed policies and procedures in respect of health and safety and environmental matters. The impact of the business on the environment is taken seriously and the company has in place safeguards to protect the environment from pollution. The company seeks to minimise any disturbance to the local and global environment and the quality of life of local communities. Full details can be found in the social review of the ultimate holding company, Getinge AB.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS102 used in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# HUNTLEIGH HEALTHCARE LIMITED

## DIRECTORS' REPORT(CONTINUED)

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.

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

### STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors of the company and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



A J Scott-Green

Director

9 September 2016

# HUNTLEIGH HEALTHCARE LIMITED

## *Independent auditors' report to the members of Huntleigh Healthcare Limited*

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Huntleigh Healthcare Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.
- 

#### **What we have audited**

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, 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.

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.



## **HUNTLEIGH HEALTHCARE LIMITED**

### ***Independent auditors' report to the members of Huntleigh Healthcare Limited(continued)***

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#### **Responsibilities for the financial statements and the audit**

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##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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##### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Robert Girdlestone (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
9 September 2016

# HUNTLEIGH HEALTHCARE LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2015

	Note	2015 £'000	2014 £'000
<b>TURNOVER</b>	2	18,968	18,980
Cost of sales		(9,889)	(9,825)
<b>GROSS PROFIT</b>		9,079	9,155
Distribution costs		(2,406)	(2,514)
Administrative expenses		(1,872)	(2,215)
<b>OPERATING PROFIT</b>	3	4,801	4,426
Continuing operations			
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		4,801	4,426
Interest receivable and similar income	4	3	8
Interest payable and similar charges	5	(947)	(1,417)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		3,857	3,017
Tax on profit on ordinary activities	9	(1,642)	(865)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		2,215	2,152

All activities derive from continuing activities.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 12 to 28 form part of the financial statements.

# HUNTLEIGH HEALTHCARE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 £'000	2014 £'000
<b>PROFIT FOR THE FINANCIAL YEAR</b>		2,215	2,152
Actuarial gain relating to the pension scheme	8	8,658	4,271
Deferred tax attributable to actuarial (loss)	16	(1,731)	(896)
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>9,142</u>	<u>5,527</u>

The notes on pages 12 to 28 form part of the financial statements.

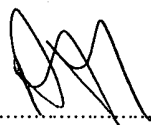
# HUNTLEIGH HEALTHCARE LIMITED

## BALANCE SHEET As at 31 December 2015

	Note	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	4,670	3,836
Tangible assets	11	797	620
Investments	12	10,104	10,104
		<u>15,571</u>	<u>14,560</u>
<b>CURRENT ASSETS</b>			
Stocks	13	3,387	3,034
Debtors	14	30,008	52,293
Cash at bank and in hand		2,662	1,314
		<u>36,057</u>	<u>56,641</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(30,911)</u>	<u>(49,499)</u>
<b>NET CURRENT ASSETS</b>		<u>5,146</u>	<u>7,142</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>20,717</u>	<u>21,702</u>
<b>PENSION LIABILITIES</b>	8	<u>(7,994)</u>	<u>(18,121)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITIES</b>		<u><u>12,723</u></u>	<u><u>3,581</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	301	301
Profit and loss account		12,422	3,280
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u><u>12,723</u></u>	<u><u>3,581</u></u>

The financial statements on pages <sup>8</sup> 8 to 28 were approved by the Board of Directors and authorised for issue on 9<sup>th</sup> September 2016.

Signed on behalf of the Board of Directors



A J Scott-Green

Director

9 September 2016

Registered number 942245

# HUNTLEIGH HEALTHCARE LIMITED

## STATEMENT OF CHANGES IN EQUITY Year – ended 31 December 2015

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
<b>Balance as at 1 January 2014</b>	301	1,003	1,304
Total comprehensive income for the year	-	5,527	5,527
Dividends	-	(3,250)	(3,250)
<b>Balance as at 31 December 2014</b>	301	3,280	3,581
Balance as at 1 January 2015	301	3,280	3,581
Total comprehensive income for the year	-	9,142	9,142
<b>Balance as at 31 December 2015</b>	301	12,422	12,723

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 1. ACCOUNTING POLICIES

#### General information

The principal activity of the company is the development, manufacture and distribution of electromedical equipment. The company is incorporated and domiciled in the UK. The registered address is ArjoHuntleigh House, Houghton Hall Business Park, Houghton Regis, Dunstable.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to Financial Reporting Standard 102 are disclosed in note 24.

#### Statement of compliance

The financial statements of Huntleigh Healthcare Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in United Kingdom and the Republic of Ireland ("FRS102") and the Companies Act 2006.

#### Basis of preparation

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, ("FRS102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions as per FRS 102 para 1.12.

- (i) A reconciliation of the number of shares outstanding at the beginning and end of the period.
- (ii) The requirement to prepare a statement of cash flows.
- (iii) Certain financial instrument disclosures, providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- (iv) The non-disclosure of key management personnel compensation in total.

A qualifying entity may take advantage of the disclosure exemptions above provided that:

- (a) its shareholders have been notified and have not objected to the use of the exemptions;
- (b) it otherwise applies the recognition, measurement and disclosure requirements of FRS 102; and
- (c) it discloses in the notes to its financial statements a brief summary of the disclosure exemptions adopted and the name of the parent of the group in whose consolidated financial statements are adopted and from where those financial statements may be obtained.

Details of the transition to FRS 102 are disclosed in Note 24.

#### Going concern

Please refer to the Directors' Report for comment on the company's trading performance in the current financial year.

#### Research and development

Research expenditure is written off as it is incurred. Development expenditure is also written off except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. Where projects have been identified as having probable future benefits, expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is between 3 and 10 years. Provision is made for any impairment.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 1. ACCOUNTING POLICIES (CONTINUED)

#### **Tangible fixed assets**

Fixed assets are shown at cost net of depreciation and any provision for impairment.

Depreciation is provided on the cost of all tangible fixed assets, at a rate calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	-	50 years
Plant and machinery	-	up to a maximum of 10 years, or the remaining term of the lease if longer

#### **Financial instruments**

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *i) Financial assets*

Basic financial assets including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 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.

##### *ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, 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 receipts discounted at market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at cost using the effective transaction price and subsequently measured at amortised interest rate.

#### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

### 1. ACCOUNTING POLICIES (CONTINUED)

#### i) *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The taxation assets and liabilities of the branch may be reduced wholly or in part by the surrender of losses to or from fellow group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering or recipient companies, as appropriate.

#### i) *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are not discounted.

#### **Turnover and segmental information**

Income from the sale of goods is recognised at the point at which the goods are despatched and the rights and rewards of ownership are transferred. Turnover is stated net of VAT and other sales-related taxes, and intra-group transactional discounts.

#### **Leases**

Rentals paid under operating leases are charged against income on a straight-line basis over the lease term.

#### **Investments**

Fixed asset investments are stated at cost less provision for impairment.

#### **Employee benefits**

##### i) *Defined benefit pension schemes*

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ("discount rate").



# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 1. ACCOUNTING POLICIES (CONTINUED)

#### ii) *Defined contribution pension schemes*

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

#### iii) *Short term benefits*

Short term benefits, including holiday pay and other similar monetary benefits are recognised as an expense in the period in which the service is received.

#### **Intangible fixed assets**

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Goodwill - 20 years
- Capitalised projects and other intangibles - 5 years

Amortisation is charged to Administrative expenses in the profit and loss account.

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

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

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### **Stocks and work in progress**

Stock is stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to its present location and condition. Cost is calculated using the first in first out ("FIFO") method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### **Foreign currency**

##### (i) *Functional and presentation currency*

The company's financial statements are presented in pound sterling and rounded to thousands.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2015

#### 1. ACCOUNTING POLICIES (CONTINUED)

The Company's functional and presentation currency is the pound sterling.

##### (ii) Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses)/gains'.

##### (iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

#### Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### a) Critical judgements in applying the entity's accounting policies

###### i) *Exemptions on transition to FRS 102*

The company has elected to use the previous UK GAAP valuation of land and buildings as the deemed cost on transition to FRS 102. The items are being depreciated from the date of transition (1<sup>st</sup> January 2014) in accordance with the company's accounting policies.

##### b) Critical accounting estimates and assumptions

###### i) *Defined benefit pension scheme*

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 8 for the disclosures relating to the defined benefit pension scheme.

###### ii) *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 1 above for the useful economic lives of each class of assets.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

### 2. TURNOVER

Analysis of turnover by category:

	2015 £'000	2014 £'000
External sales	18,968	18,980
	<u>18,968</u>	<u>18,980</u>

Analysis of turnover by geography:

	2015 £'000	2014 £'000
United Kingdom	5,607	15,240
Europe	4,612	1,178
Rest of the World	8,749	2,562
	<u>18,968</u>	<u>18,980</u>

### 3. OPERATING PROFIT

	2015 £'000	2014 £'000
<b>Operating profit is stated after charging / (crediting)</b>		
Research and development	596	832
Depreciation of owned fixed assets	210	169
Amortisation of intangible assets	689	635
Operating lease rentals - other	124	131
Foreign exchange gains	(10)	(1)
Fees payable to the company's auditors for the audit of the company's annual financial statements	13	13
	<u>13</u>	<u>13</u>

### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £'000	2014 £'000
Bank interest	3	8
	<u>3</u>	<u>8</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £'000	2014 £'000
Net pension scheme interest-current year (note 8)	947	1,417
	<u>947</u>	<u>1,417</u>

### 6. DIRECTORS' EMOLUMENTS

	2015 £'000	2014 £'000
<b>Directors' remuneration</b>		
Emoluments	267	173
	<u>267</u>	<u>173</u>

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

### 6. DIRECTORS' EMOLUMENTS (CONTINUED)

	2015 No.	2014 No.
<b>The number of directors who:</b>		
Are members of a defined benefit scheme	<u>1</u>	<u>1</u>

	2015 £'000	2014 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments	<u>161</u>	<u>173</u>

The accrued pension at 31 December 2015 for the highest paid director of the company is £nil per annum (2014 - £nil).

### 7. STAFF COSTS

	2015 £'000	2014 £'000
Wages and salaries	4,933	4,830
Social security costs	478	483
Other pension costs	255	240
	<u>5,666</u>	<u>5,553</u>

Average monthly number of employees (including the directors) during the year was:

	2015 No.	2014 No.
Sales	19	26
Administration	69	62
Manufacturing	64	68
	<u>152</u>	<u>156</u>

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

### 8. PENSION ARRANGEMENTS

Arjo Ltd Med Aktiebolag operates the funded pension scheme providing defined benefits for the employees of Huntleigh Healthcare Limited. Under the scheme, the employees are entitled to retirement benefits varying between 0% and 100%, of final salary depending on length of service, on attainment of a retirement age of 65. No other post-retirement benefits are provided. The scheme is a funded scheme. In accordance with FRS 102, the pension scheme liabilities are accounted for in Huntleigh Healthcare Limited. The movement for the year is split between the Profit and Loss account and the Statement of Comprehensive Income.

The most recent completed full actuarial valuation of the scheme was carried out at 6 April 2014 by a firm of actuaries using the projected unit credit method. The principal actuarial assumptions were derived with reference to yield curves, which at the valuation date were equivalent to the following single rates: pre- and post – retirement investment return of 4.8% pa, RPI inflation of 3.6% pa, CPI inflation of 2.6% pa, and pension increases of between 0% pa and 3.3% pa dependant on when the pension was accrued. The total market value of the scheme's assets at the valuation date was £51,788,000. The actuarial liability is valued at £65,146,000. This leaves a deficit under full actuarial valuation of £13,358,000.

The company also contributes to employees' pension arrangements, which are of a defined contribution type.

The annual costs charged to the profit and loss account for the year ended 31 December 2015 were £255,695 (2014 - £240,055). The pension creditor at 31 December 2015 was £Nil (2014 - £Nil).

The latest actuarial valuation of the scheme has been updated by a qualified actuary as at 31 December 2015 on a set of assumptions consistent with those required under FRS 102. The principal assumptions used by the actuary were:

	2015 %	2014 %
<b>Key assumptions used:</b>		
Discount rate	3.80	3.40
Future pension increases		
– RPI max 5%	3.20	3.20
– RPI max 2.5%	n/a	n/a
Price inflation	2.40	2.40

Mortality rates were estimated using the S1PXA mortality table, projecting by year of birth. This gives the following life expectancies:

	31 Dec 2015 Male life expectancy	31 Dec 2015 Female life expectancy	31 Dec 2035 Male life expectancy	31 Dec 2035 Female life expectancy
<b>At age 65</b>	22 years	24 years	23 years	26 years

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

### 8. PENSION ARRANGEMENTS (CONTINUED)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on liability
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 10.6%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 8.0%
Increase to life expectancy	Increase/decrease by 0.5%	Increase/decrease by 2.6%

Amounts recognised in the profit and loss account is as follows:

	2015 £'000	2014 £'000
Net interest expense on defined benefit liability	582	974
Pension scheme expenses	365	443
	<u>947</u>	<u>1,417</u>

Reconciliation of scheme assets and liabilities is as follows:

	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2015	63,634	(81,755)	(18,121)
Interest income/(expense)	2,170	(2,751)	(582)
Benefits paid	(1,654)	1,654	-
Employer contributions	2,415	-	2,415
Pension scheme expenses	(365)	-	(365)
Actuarial – gains	807	7,851	8,658
At 31 December 2015	<u>67,007</u>	<u>(75,001)</u>	<u>(7,994)</u>

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2015 £000	2014 £000
Delegated growth fund	49,734	43,194
Delegated liability fund	16,844	20,103
Cash	429	337
	<u>67,007</u>	<u>63,634</u>

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Year ended 31 December 2015

#### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £'000	2014 £'000
<b>Current tax</b>		
United Kingdom corporation tax charge at 20.25% (2014: 21.50%) based on the profit for the year	208	333
Adjustments in respect of prior years	564	286
<b>Total current tax</b>	<u>772</u>	<u>619</u>
<b>Deferred tax (see note 16)</b>		
Timing differences, origination and reversal	123	32
Deferred tax on pension adjustments	294	216
Adjustments in respect of prior years	453	(2)
<b>Tax on profit on ordinary activities</b>	<u>1,642</u>	<u>865</u>

The tax for the year is lower (2014: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.50%). The differences are explained below.

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	<u>3,857</u>	<u>3,017</u>
Profit on ordinary activities multiplied by standard rate of 20.25% (2014 – 21.50%)	780	648
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	32	22
Capital allowances in excess of depreciation	(199)	(47)
Other short term timing differences	(213)	33
Pensions contributions – timing differences	(297)	(1)
Research and development – timing differences	522	(74)
Adjustments in respect of prior years	1,017	284
<b>Total tax charge for the year</b>	<u>1,642</u>	<u>865</u>

#### Factors affecting current and future tax charges:

UK corporation tax rate of 21% from April 2014 was reduced to 20% from April 2015. Future changes to UK corporation tax are further reductions to 19% from April 2017 and 17% from April 2020.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Year ended 31 December 2015

#### 10. INTANGIBLE ASSETS

	Goodwill £'000	Development costs £'000	Intellectual property £'000	Total £'000
<b>Cost</b>				
At 1 January 2015	3,156	5,174	666	8,996
Additions	-	1,523	-	1,523
At 31 December 2015	3,156	6,697	666	10,519
<b>Accumulated amortisation</b>				
At 1 January 2015	2,051	2,463	646	5,160
Charge for the year	101	578	10	689
At 31 December 2015	2,152	3,041	656	5,849
<b>Net book amount</b>				
At 31 December 2015	1,004	3,656	10	4,670
At 31 December 2014	1,105	2,711	20	3,836

#### 11. TANGIBLE ASSETS

	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 1 January 2015	109	5,504	5,613
Additions	-	390	390
Disposals	-	(1,679)	(1,679)
At 31 December 2015	109	4,215	4,324
<b>Accumulated Depreciation</b>			
At 1 January 2015	109	4,884	4,993
Charge for the year	-	210	210
Disposals	-	(1,676)	(1,676)
At 31 December 2015	109	3,418	3,527
<b>Net book amount</b>			
At 31 December 2015	-	797	797
At 31 December 2014	-	620	620



# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2015

### 12. INVESTMENTS

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
At 1 January 2015 and 31 December 2015	19,289
<b>Provision for impairment</b>	
At 1 January 2015 and 31 December 2015	(9,185)
<b>Net book value</b>	
At 31 December 2015	10,104
At 31 December 2014	10,104

The company has investments in the following subsidiary undertakings:

Company	Country of registration or incorporation	Shares held Class	%
Arjo Huntleigh International Limited	England and Wales	£1 ordinary	100
Huntleigh Healthcare A/S	Denmark	1,000 DKK ordinary	100
Pegasus Limited*	England and Wales	£1 ordinary	100

\* This company was dormant in the current and preceding year.

The above subsidiary undertakings that are not noted as being dormant distribute and rent equipment and instrumentation for medical applications.

The percentage holdings shown above are the interests in the nominal value of the issued ordinary shares held. In all cases the percentage of the voting rights held is the same as the percentage of the nominal value of the issued ordinary shares held.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

### 13. STOCKS

	2015 £'000	2014 £'000
Raw materials and consumables	2,440	2,014
Work in progress	127	314
Finished goods and goods for resale	820	706
	<u>3,387</u>	<u>3,034</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

### 14. DEBTORS

	2015 £'000	2014 £'000
Trade debtors	3,398	3,277
Amounts owed by group undertakings	24,287	44,780
Other debtors	294	345
Corporation tax	726	-
Deferred tax (see note 16)	1,189	3,769
Prepayments and accrued income	114	122
	<u>30,008</u>	<u>52,293</u>

Trade debtors includes £1,189,000(2014: £3,790,000) falling due after more than one year.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	2015 £'000	2014 £'000
Trade creditors	589	709
Amounts owed to group undertakings	28,809	47,406
Corporation tax	-	241
Other taxation and social security	88	91
Other creditors	491	423
Accruals and deferred income	934	629
	<u>30,911</u>	<u>49,499</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

### 16. DEFERRED TAXATION

The movement in deferred taxation during the year is as follows:

	2015 £'000	2014 £'000
Deferred tax as at 1 January	3,790	4,931
Deferred tax asset charged to the profit and loss account	(870)	(266)
Deferred tax charged to reserves	(1,731)	(896)
Deferred tax asset as at 31 December	<u>1,189</u>	<u>3,769</u>

Deferred taxation is comprised as follows:

	2015 £'000	2014 £'000
Capital allowances in advance of depreciation	170	239
Other timing differences	(580)	(250)
Relating to pension liability	1,599	3,780
	<u>1,189</u>	<u>3,769</u>

Deferred tax asset relating to the pension deficit:

At 1 January	3,801	4,892
Deferred tax charged to reserves	(1,731)	(896)
Deferred tax charges to the profit and loss account	(471)	(216)
31 December	<u>1,599</u>	<u>3,780</u>

### 17. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

Financial assets that are debt instruments measured at amortised cost	2015 £'000	2014 £'000
Trade debtors	3,398	3,277
Amounts owed by group undertakings	24,287	44,780
Other debtors	408	820
	<u>28,093</u>	<u>48,877</u>
Financial liabilities measured at amortised cost	2015 £'000	2014 £'000
Trade creditors	589	709
Amounts owed to group undertakings	28,809	47,406
Other creditors	1,425	1,036
	<u>30,823</u>	<u>49,151</u>

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Year ended 31 December 2015

#### 18. CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
<b>Authorised</b>		
400,000 (2014: 400,000) ordinary shares of £1 each	400	400
<b>Called up, allotted and fully paid</b>		
301,000 (2014: 301,000) ordinary shares of £1 each	301	301

#### 19. OPERATING LEASE ARRANGEMENTS

At 31 December the company had total commitments under non-cancellable operating leases as follows:

	2015 £'000	2014 £'000
Within one year	71	103
In the second to fifth years inclusive	50	56
After five years	-	-
	121	159

Operating lease payments represent rentals payable by the company for certain of its vehicles. Leases are negotiated on varying terms depending on the type of asset leased.

#### 20. CONTINGENT LIABILITIES

The company has entered into composite guarantees with its principal bankers, Handelsbanken, in respect of any amounts due by itself, by the parent and by certain fellow subsidiary undertakings. The amounts for that group outstanding as at 31 December 2015 were £76,166,860 (2014: £55,452,026).

#### 21. RELATED PARTIES

As the company is a 100% owned subsidiary of a group whose consolidated financial statements are publicly available it is not required to disclose transactions with other group undertakings that would otherwise be required under Financial Reporting Standard 102 p.33.9 'Related Party Transactions'.

#### 22. DIVIDENDS

	2015 £'000	2014 £'000
No dividends were paid in 2015 (2014: £ 10.80 per ordinary share )	-	3,250

#### 23. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard Getinge AB, a company incorporated in Sweden, as the ultimate holding company and controlling party and Huntleigh Luton Limited as the immediate parent company.

The smallest and largest group in which the results of the company are consolidated for the year ended 31 December 2015 is that headed by Getinge AB. Copies of the consolidated financial statements of Getinge AB which include the results of the company can be obtained from Getinge AB, PO Box 8861, SE-402 72 Gothenburg, Sweden.

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

### 24. TRANSITION TO FRS102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are changes to the profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102 as a result of changes to the accounting policies.

#### a) Balance Sheet

	At 1 January 2014			At 31 December 2014		
	As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
<b>Fixed assets</b>	£'000	£'000	£'000	£'000	£'000	£'000
Intangible assets	3,479	-	3,479	3,836	-	3,836
Tangible assets	488	-	488	620	-	620
Investments	10,104	-	10,104	10,104	-	10,104
	14,071	-	14,071	14,560	-	14,560
<b>Current assets</b>						
Stocks	2,633	-	2,633	3,034	-	3,034
Debtors	47,970	4,892	52,862	48,469	3,824	52,293
Cash at bank and in hand	2,010	-	2,010	1,314	-	1,314
	52,613	-	57,505	52,817	-	56,641
<b>Creditors -amounts falling within one year</b>	(46,975)	-	(46,975)	(49,499)	-	(49,499)
<b>Net current assets</b>	5,638	4,892	10,530	3,318	-	7,142
<b>Total assets less current liabilities</b>	19,709	4,892	24,601	17,878	-	21,702
Pension liabilities	(18,405)	(4,892)	(23,297)	(14,297)	(3,824)	(18,121)
<b>Net assets</b>	1,304	-	1,304	3,581	-	3,581
<b>Capital and reserves</b>						
Called-up share capital	301	-	301	301	-	301
Profit and loss account	1,003	-	1,003	3,280	-	3,280
<b>Total equity</b>	1,304	-	1,304	3,581	-	3,581

# HUNTLEIGH HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Year ended 31 December 2015

#### b) Profit and loss account

	At 31 December 2014		
	As previously stated	Effect of transition	FRS 102 (as restated)
<b>Turnover</b>	18,980	-	18,980
Cost of sales	(9,825)	-	(9,825)
<b>Gross profit</b>	9,155	-	9,155
Selling and distribution	(2,514)	-	(2,514)
Administration expenses	(2,215)	-	(2,215)
<b>Operating profit</b>	4,426	-	4,426
<b>Profit on ordinary activities before interest and taxation</b>	4,426	-	4,426
Interest receivable and similar income	8	-	8
Interest payable and similar charges	(1,314)	(103)	(1,417)
Net interest expense	(1,306)	(103)	(1,409)
<b>Profit on ordinary activities before interest and taxation</b>	3,120	(103)	3,017
Tax on profit on ordinary activities	(886)	21	(865)
<b>Profit for the financial year</b>	2,234	(82)	2,152

#### c) Statement of other comprehensive income

	At 31 December 2014		
	As previously stated	Effect of transition	FRS 102 (as restated)
<b>Profit for the financial year</b>	2,234	(82)	2,152
<b>Other comprehensive income</b>			
Actuarial gain relating to pension scheme	4,168	-	4,168
Re-measurements of net defined benefit obligation			
-Change in gain	-	103	103
Deferred tax attributable to actuarial gain	(875)	(21)	(896)
<b>Other comprehensive income for the year, net of tax</b>	3,293	82	3,375
<b>Total comprehensive income</b>	5,527	-	5,527

#### d) Defined benefit scheme

Under previous UK GAAP the company recognised an expected rate of return on defined benefit plan assets in the profit and loss account. Under FRS102 a net interest expense based on the net defined benefit liability is recognised. At the date of transition to FRS102 and at 31 December 2014, the deferred tax assets of £4,892,000 and £3,824,000 respectively, were reclassified to debtors.