

Alliance Diagnostic Services Limited

Annual Report & Financial Statements

For the year ended 30 September 2019

Company number 04026369



Alliance Diagnostic Services Limited

DIRECTORS

P M Hart

R H Evans

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Donington Court

Pegasus Business Park

Castle Donington

East Midlands

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NatWest Bank plc

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Warwick

Warwickshire

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Alliance Diagnostic Services Limited

STRATEGIC REPORT

PRINCIPAL ACTIVITY AND REVIEW OF THE YEAR

The principal activity of the Company during the year was the provision of diagnostic imaging services, molecular imaging services and patient services to public health services and independent organisations.

REVIEW OF THE BUSINESS

The Company operates a fixed scanning site in London using primarily MRI, CT and PET/CT technology, adding value to customers through providing practical solutions at the critical point of clinical decision-making, by helping to plan, develop and deliver clinical pathways that deliver the best possible patient outcomes.

The key performance indicators of the Company are:

	2019 £000	2018 £000
Turnover	2,899	3,918
EBITDA ¹	(752)	96
EBITA ²	(752)	96

During the prior year assets were sold to a fellow group undertaking and are being leased back.

RESULTS AND DIVIDENDS

The loss for the financial year amounted to £669,000 (2018: profit of £319,000) and net liabilities were £575,000 (2018: net assets were £94,000). The decrease in profits during the year is largely due to a reduction in turnover in the year. During the year no dividends have been paid (2018: no dividends have been paid).

MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company Directors recognise the importance of sound risk management to the success of operations and accordingly set policies to mitigate the risks. The principal risks and uncertainties facing the Company and the potential impact and mitigation are summarised below.

Risk Category	Potential Impact	Mitigation
Competitive risk	Loss of contracts during competitive tender	Ensuring clinical standards and performance criteria on existing contracts are maintained; Broad spread of customers to minimise the impact of losing an individual customer.

¹ EBITDA is earnings before interest, tax, depreciation, amortisation, profit/(loss) on disposal of property, plant and equipment and exceptional items.

² EBITA represents earnings before interest, tax, amortisation, profit/(loss) on disposal of property, plant and equipment and exceptional items.

Alliance Diagnostic Services Limited

STRATEGIC REPORT (continued)

MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Operational risk	Failure to meet growth targets	Annual budget reviewed by the Directors, with actual performance against the budget reported monthly; Clear delegated authority for major capex and material contracts with Director review and approval; Centralisation of purchasing scanners and ensuring appropriate insurance cover.
Legislative risk	Increased compliance costs	Monitoring potential changes to legislation; Actively engaging with decision makers to drive change; Regular audits undertaken of compliance with legislation.
Credit risk	Increased bad debt expense	Agreeing payment terms in advance, including invoicing periods for long term contracts; Appropriate credit control procedures are followed; Deferred payment terms offered only to those customers which demonstrate an appropriate payment history and satisfy credit-worthiness procedures.
Liquidity risk	Withdrawal of funding	Liquidity risk is managed at the Group level and includes regular monitoring of, and reporting compliance with, bank covenants both prospectively and retrospectively; Applying cash collection targets throughout the Group; Utilising debt factoring facilities; Regular cash flow forecasting, with action taken if needed to re-time flows.
Economic risk following referendum decision to leave the European Union	Reduced profitability as a result of instability in the Sterling	Hedging via a portion of the Group's borrowings being denominated in Euros.
Recruitment risk following referendum decision to leave the European Union	Inability to provide cost effective services due to utilising greater volume of agency workers	Development of undergraduate placement scheme, graduate recruitment programme and other international recruitment channels.

Approved by the board on 18 February 2020 and signed on its behalf by:


P M Hart
Director

Alliance Diagnostic Services Limited

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year to 30 September 2019.

FUTURE DEVELOPMENTS

The Directors continue to promote the diagnostic imaging services, molecular imaging services and patient services of the Company to enhance shareholder value.

DIRECTORS AND THEIR INTERESTS

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:

M D Chapman (appointed 12 December 2018 & resigned 6 January 2020)
P J Winchester (resigned 17 December 2019)
M P Ferreira (appointed 2 May 2019, resigned 17 December 2019)
P M Hart (appointed 26 September 2019)
E H Lunt (appointed 12 December 2018 & resigned 26 April 2019)
P P Van Der Westhuizen (appointed 18 December 2018 & resigned 2 May 2019)
H A D Marsh (resigned 12 December 2018, appointed 2 May 2019 & resigned 26 September 2019)
R H Evans (appointed 6 January 2020)

No Director is beneficially interested in the share capital of the Company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year and at the date of the approval of financial statements the Company maintained insurance cover for Directors' and Officers' liability as permitted under section 232 (2) of the Companies Act 2006.

EMPLOYEE INVOLVEMENT

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Employees are consulted on issues directly affecting them wherever practicable and senior managers and employee representatives from all areas of the business meet to discuss issues. Employee surveys are undertaken, using an independent third party, and the results are shared with employees and are used to drive changes as required.

EQUALITY

The Group is committed to ensuring that recruitment practices promote equality of opportunity in line with the 2010 Equality Act in the UK and relevant legislation in other regions in which the Group operates. The Group treats all applicants fairly regardless of their sex, sexual orientation, marital status, race, colour, nationality, ethnic or nation origin, religion, age, disability and union membership status. The Group ensures that no requirement of condition is imposed without justification, which could disadvantage an individual on any of the above grounds.

The Group continues to be supportive of the employment of disabled persons. Applications for employment from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event an existing member of staff becomes disabled, it is the Group's policy to provide continued employment wherever practicable in the same or alternative positions and appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

DIVIDENDS

During the year no dividends have been paid (2018: no dividends have been paid).

Alliance Diagnostic Services Limited

DIRECTORS' REPORT (continued)

POLITICAL DONATIONS

The Company made £nil (2018: £nil) political donations during the year.

GOING CONCERN

In determining the appropriate basis of preparation of financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

Life UK Holdco Limited has confirmed in writing that it will continue to support the Company to meet its liabilities as they fall due. Accordingly, the Directors have reviewed the loan facilities available from Group companies together with current trading and cash flow projections as part of their assessment of going concern, and after making enquiries and having carefully considered these matters, the Directors have a reasonable expectation that the Company will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors have adopted the going concern basis of accounting in preparing the financial statements.

FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties facing the Company and the potential impact and mitigation are summarised in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 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.

Alliance Diagnostic Services Limited
DIRECTORS' REPORT (continued)

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Approved by the Board on 18 February 2020 and signed on its behalf by:



P M Hart
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE DIAGNOSTIC SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Alliance Diagnostic Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 September 2019; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE DIAGNOSTIC SERVICES LIMITED

(continued)

Reporting on other information (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE DIAGNOSTIC SERVICES LIMITED
(continued)

Use of this report

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.

OTHER REQUIRED WORDING

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
18 February 2020

Alliance Diagnostic Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 2019

	Notes	2019 £000	2018 £000
TURNOVER	4	2,899	3,918
Cost of sales		(2,232)	(2,314)
GROSS PROFIT		667	1,604
Administrative expenses excluding exceptional items		(1,419)	(1,472)
Exceptional administrative items	5	-	(36)
Administrative expenses		(1,419)	(1,508)
OPERATING (LOSS)/PROFIT	6	(752)	96
Interest payable and similar expenses		(6)	(8)
(LOSS)/PROFIT BEFORE TAXATION		(758)	88
Tax on (loss)/profit	7	89	231
(LOSS)/PROFIT FOR THE FINANCIAL YEAR/PERIOD		(669)	319

The Company's activities all derive from continuing operations.

There is no other comprehensive income or expenses other than those included above and therefore a statement of comprehensive income has not been included in these financial statements.

There is no material difference between the (loss)/profit before taxation and the (loss)/profit for the financial periods stated above and their historical cost equivalents.

Alliance Diagnostic Services Limited

BALANCE SHEET

As at 30 September 2019

Company registered number: 04026369

	Notes	2019 £000	2018 (restated) £000
FIXED ASSETS			
Tangible assets	8	-	-
CURRENT ASSETS			
Debtors	9	4,353	4,506
Cash at bank and in hand		344	14
		4,697	4,520
CREDITORS: amounts falling due within one year	10	(5,272)	(4,426)
NET CURRENT (LIABILITIES)/ASSETS		(575)	94
NET (LIABILITIES)/ASSETS		(575)	94
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account		(575)	94
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS		(575)	94

The notes on pages 13 to 22 are an integral part of these financial statements.

These financial statements on pages 10 to 22 were approved by the Board of Directors on 18 February 2020 and were signed on its behalf by:


P M Hart
Director

Alliance Diagnostic Services Limited
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2019

	Called up share capital	Profit and loss account	Total Shareholders' funds/(deficit)
	£000	£000	£000
At 1 October 2017	-	(225)	(225)
Profit for the financial period and total comprehensive income	-	319	319
At 1 October 2018 and 30 September 2018	-	94	94
Loss for the financial year and total comprehensive expense	-	(669)	(669)
At 30 September 2019	-	(575)	(575)

Alliance Diagnostic Services Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 30 September 2019****1. GENERAL INFORMATION**

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of the registered office and principle place of business is shown on page 1. The principal activity of the Company is shown in the Strategic Report on page 2.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention.

Exemptions

The Company has taken advantage of the exemption provided in paragraph 1.12(b) of FRS 102 from preparing a Statement of Cash Flows. The cash flows of the Company are incorporated into the Consolidated Statement of Cash Flows prepared in the Group financial statements of Alliance Medical Group Limited.

The Company has taken advantage of the exemption provided in paragraph 4.12(a) of FRS 102 from preparing a reconciliation of the numbers of shares outstanding at the beginning and end of the year.

The Company has taken advantage of the exemption provided in paragraph 33.7 of FRS 102 from disclosing key management personnel compensation.

The Company has taken advantage of the exemption provided in paragraphs 11.39-11.48A and 12.26-12.29 of FRS 102 from disclosing certain financial instrument disclosures. The financial instrument disclosures are incorporated into the Group financial statements of Alliance Medical Group Limited.

The Company has taken advantage of the exemption in paragraph 33.1(a) of FRS 102 from disclosing transactions with related parties that are other wholly owned members of the Alliance Medical Group Limited group.

Functional and presentation currency

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

Alliance Diagnostic Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

3. ACCOUNTING POLICIES (continued)

Going concern

In determining the appropriate basis of preparation of financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

Life UK Holdco Limited has confirmed in writing that it will continue to support the Company to meet its liabilities as they fall due. Accordingly, the Directors have reviewed the loan facilities available from Group companies together with current trading and cash flow projections as part of their assessment of going concern, and after making enquiries and having carefully considered these matters, the Directors have a reasonable expectation that the Company will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors have adopted the going concern basis of accounting in preparing the financial statements.

Tangible assets and depreciation

Tangible assets are included at depreciated historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	Straight line over length of contract or 10 years, whichever is the shorter
Static scanning units and associated equipment (including buildings)	Straight line over length of contract or 10 years, whichever is the shorter
Other plant and equipment	4 to 7 years straight line

Assets under construction are transferred to their respective asset class and commence depreciation on the date commercial operation commences.

Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cost generating unit ("CGU") to which the asset belongs to. An asset's recoverable amount is the higher of the asset's, or CGU's, fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised in profit or loss in the period in which it arises.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Alliance Diagnostic Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

3. ACCOUNTING POLICIES (continued)

Revenue recognition

Turnover, which excludes value added tax, represents the value of services supplied, and is recognised according to the value of services supplied in the period. Turnover is recognised principally on a 'per scan' basis.

Pensions

The Company operates defined contribution pension plans, administered by a third party, for Directors and employees. Contributions are charged to the profit and loss account as they become payable.

Current tax

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

Deferred taxation

The deferred taxation charge takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the expectation that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Exceptional items

The Company classifies certain one-off charges and credits that have a material impact on the Company's financial results as exceptional items. These are disclosed separately to provide further understanding of the financial performance of the company.

Critical accounting judgements and sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historic experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Alliance Diagnostic Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

3. ACCOUNTING POLICIES (continued)

Critical accounting judgements and sources of estimation uncertainty (continued)

Critical judgements in applying the entity's accounting policies

The Company has recognised a deferred tax asset in relation to decelerated capital allowances during the year. The directors believe this asset to be recoverable and have recognised an asset.

Critical accounting estimates and assumptions

The Company's assessment of its bad debt provision involves estimates based on historical knowledge of the customer and market conditions. The actual outcome of the Company's bad debt experience may be higher or lower than this assessment. See note 9 for the net carrying amount of the debtors and associated impairment provisions.

4. TURNOVER

Turnover represents amounts for the provision of services which fall within the Company's continuing activities, stated net of value added tax. All turnover originates in, and has an ultimate destination of, the United Kingdom.

5. EXCEPTIONAL ADMINISTRATIVE ITEMS

Exceptional items charged to the profit and loss account were:

	2019 £000	2018 £000
Restructure	-	36

Costs of nil (2018: £36,000) were incurred during the year in relation to restructuring.

6. OPERATING (LOSS)/PROFIT

(a) This is stated after charging:

		2019 £000	2018 £000
Loss on disposal of tangible assets	- on owned assets	-	-
Operating lease rentals	- land and buildings	544	540
	- other	98	229

Auditors' remuneration for statutory audit services of £15,000 (2018: £15,000) is borne by the immediate parent undertaking, Alliance Medical Limited, for the period.

Alliance Diagnostic Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

6. OPERATING (LOSS)/PROFIT (continued)

(b) Directors' remuneration

The Directors have neither received nor waived any right to emoluments in respect of their services to the Company during the year (2018: £nil). Four (2018: two) Directors of the Company at the balance sheet date are also, or have also been, Directors of one or more of the other companies in the Group. These Directors do not believe that it is practicable to accurately apportion their emoluments between their services as Directors of this Company and their services as Directors of other Companies in the Group.

(c) Staff costs

	2019 £000	2018 £000
Wages and salaries	470	623
Social security costs	51	67
Other pension costs	14	10
	<u>535</u>	<u>700</u>

The average monthly number of employees (including Directors) during the year was 21 (2018: 24) as follows:

	2019 No.	2018 No.
Administration	11	13
Technical/operations	6	11
	<u>17</u>	<u>24</u>

Alliance Diagnostic Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2019

7. TAX ON (LOSS)/PROFIT

(a) Tax on (loss)/profit on ordinary activities

There is no charge for taxation in the year (2018: £nil). The deferred taxation credit in the year in relation to decelerated capital allowances is £89,000 (2018: £231,000).

(b) Factors affecting the credit for the period

The tax assessed for the year differs (2018: differs) from that resulting from applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
(Loss)/Profit before taxation	(758)	88
(Loss)/Profit at the standard rate of 19% (2018: 19%)	(144)	17
Effects of:		
Fixed asset timing differences	(54)	(77)
Expenses not deductible	1	-
Group relief surrendered for no consideration	202	60
Deferred tax asset recognised	(94)	(231)
Total tax credit in the year (note 7 (a))	(89)	(231)

(c) Factors affecting current and future tax

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act 2016 on 6 September 2016, which included a reduction in the UK corporation tax rate from 19% to 17% from 1 April 2020. Deferred taxes, to the extent recognised at the balance sheet date have been measured using the enacted rates that are expected to apply to the unwind of each asset or liability.

(d) Factors affecting the tax for the year

The Company has an unrecognised deferred tax asset in relation to decelerated capital allowances of £nil (2018: £94,000) and losses of £nil (2018: £nil). Deferred tax has been recognised in relation to decelerated capital allowances. The directors believe this asset to be recoverable and have recognised an asset.

Alliance Diagnostic Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

8. TANGIBLE ASSETS

	Leasehold improvements	Scanning units and other plant and equipment	Total
	£000	£000	£000
Year ended 30 September 2018 and 30 September 2019: Opening and closing net book value	-	-	-
Year ended 30 September 2019: Cost	1,433	180	1,613
Accumulated depreciation	(1,433)	(180)	(1,613)
Net book value	-	-	-

9. DEBTORS

	2019 £000	2018 £000 (restated)
Trade debtors	748	854
Amounts owed by Group undertakings	3,282	3,274
Other debtors	3	12
Prepayments and accrued income	-	135
Deferred tax asset (amounts due over one year £'000: 320) (Note 11)	320	231
	4,353	4,506

Trade debtors includes £nil (2018: £nil) falling due after more than one year. Trade debtors are stated after provisions for bad debt of £703,000 (2018: £649,000).

Amounts owed by Group undertakings have been restated to reflect the nature of the transactions. In the prior period intercompany balances were netted off to a creditor balance of £258,000. This has been corrected to show a debtor of £3,274,000 and a creditor of £3,532,000.

Alliance Diagnostic Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2019

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000	2018 £000 (restated)
Trade creditors	46	145
Amounts owed to Group undertakings	4,556	3,532
Taxation and social security	24	-
Accruals and deferred income	646	749
	<u>5,272</u>	<u>4,426</u>

Amounts owed to Group undertakings are unsecured, interest free, and are repayable on demand.

Amounts owed to Group undertakings have been restated to reflect the nature of the transactions. In the prior period intercompany balances were netted off to a creditor balance of £258,000. This has been corrected to show a debtor of £3,274,000 and a creditor of £3,532,000.

11. DEFERRED TAXATION

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

Balances:

	Assets 2019 £000	Assets 2018 £000
Decelerated capital allowances	320	231
	<u>320</u>	<u>231</u>

Movements in the year:

	2019 £000
Asset at 1 October 2018	231
Credit to profit and loss	89
Asset at 30 September 2019	<u>320</u>

The deferred tax asset related to decelerated capital allowances is expected to reverse within 3 years.

Alliance Diagnostic Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2019

12. CAPITAL AND OTHER COMMITMENTS

At 30 September the Company had future minimum lease payments under non-cancellable operating leases expiring as follows:

	2019 £000	2018 £000 (restated)
Payable in the next 12 months	570	640
Payable between 2 and 5 years	576	1,146
Payable in more than 5 years	-	-
	<u>1,146</u>	<u>1,786</u>

The prior year numbers have been restated to accurately reflect the maturity of the commitments. In the prior period an additional £1,089,000 of lease liabilities were recognised in error.

13. CALLED UP SHARE CAPITAL

	2019 No.	2019 £000	2018 No.	2018 £000
Ordinary shares of £1 each				
Authorised	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>
Allotted, called up and fully paid	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

There are no restrictions on the payment of dividends and the repayment of capital.

14. PARENT UNDERTAKINGS

a) Immediate parent undertaking

The immediate parent undertaking is Alliance Medical Limited, registered in England and Wales.

b) Ultimate parent undertaking

The ultimate parent undertaking is Life Healthcare Group Holdings Limited. The smallest group, for which group financial statements are drawn up, is Alliance Medical Group Limited, registered in England and Wales. The financial statements can be obtained by writing to the Secretary at Iceni Centre, Warwick Technology Park, Warwick, CV34 6DA. The largest group, for which group financial statements are drawn up, is Life Healthcare Group Holdings Limited, registered in South Africa. The financial statements can be obtained by writing to the Secretary at Private Bag X13, Northlands, 2116, South Africa.

Alliance Diagnostic Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2019

15. POST EMPLOYMENT BENEFITS

The Company participates in defined contribution pension schemes, the assets of which are held separately from those of the Company and are invested with an insurance company and external fund managers. The total charged to the profit and loss account during the year was £14,000 (2018: £10,000).