

Alere UK Holdings Limited

Annual Report

Year ended 31 December 2017

Registered number: 04267530

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DIRECTORS AND OTHER INFORMATION

Board of Directors

David Andrew Bond
Benjamin Edward Oosterbaan
Brian Gregory Shoup

Bankers

Citizens Bank
One Citizens Plaza
Providence
RI 02903
USA

Royal Bank of Scotland
79/83 Colmore Row
Birmingham B3 2BA
United Kingdom

Registered Office

Clearblue Innovation Centre
Priory Business Park
Stannard Way
Bedford
Bedfordshire MK44 3UP
United Kingdom

Registered Number: 04267530

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Harris House
IDA Small Business Centre
Tuam Road
Galway
Ireland

STRATEGIC REPORT

The directors present their Strategic Report for the financial year ended 31 December 2017.

Principal activities and strategy

The principal activity of the company is that of an investment holding company.

Review of the business

The company is an investment holding company and is not engaged in any external trading activity. The company reported a profit before tax of £11m in 2017, arising primarily from foreign exchanges gains on intercompany balances net of intercompany interest payable. No dividends were paid by the company in either 2016 or 2017.

Future developments

There are no changes planned to the activities of the company for the foreseeable future.

Principal risks and uncertainties

Details of the company's financial risk management are set out in the Director's report. There are no specific risks and uncertainties facing the company.

On behalf of the Board



Mr David Andrew Bond
Director
Alere UK Holdings Limited

11 September 2018

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the company for the financial year ended 31 December 2017.

Results and dividends

The company's profit for the financial year is £12,604,000 (2016: loss £41,499,000). No dividend has been declared or paid in either year.

Principal activities, review of business and future developments

Up until 2 October 2017 the company was part of the Alere Group, being Alere Inc., (NYSE: ALR) and its subsidiaries. The company acts as a holding company and its activities consist of holding investments which are funded by intercompany loans. This activity is expected to continue for the foreseeable future. The company does not have any external trading activity.

The Alere Group delivers reliable and actionable health information through rapid diagnostic tests, resulting in better clinical and economic healthcare outcomes globally. Alere's high-performance diagnostics for infectious disease, cardiometabolic disease and toxicology are designed to meet global demand for accurate, easy-to-use and cost-effective near-patient tests.

On 3 October 2017 Alere Inc. entered into a Merger agreement with Abbott Laboratories, a company incorporated in the United States of America (NYSE: ABT), under which Abbott Laboratories acquired Alere Inc. Alere Inc. survived the merger as a subsidiary of Abbott Laboratories.

The profit for the year was comprised primarily of foreign exchange gains on intercompany balances, net of intercompany interest charges.

Going concern

The directors are satisfied that it is appropriate to prepare the financial statements on the going concern basis due to the continued financial support of the company's parent, Abbott Laboratories.

Key performance indicators and principal risks and uncertainties

The directors monitor the performance of the company's investments by reviewing the results of its subsidiaries. In addition to the financial risks described below, the principal risk for the company is that an impairment in the value of its investments in subsidiaries may occur. The directors perform an annual review to determine whether any impairment indicators have arisen. An impairment loss of £10,592,000 has been recorded during the year in respect of two dormant subsidiaries.

Financial management

Financial management of the Company is through the Abbott Group companies as part of the Abbott Group's financial management plan. The company relies on the ultimate parent company for financial support. Risk management is overseen by the directors under policies laid down by the ultimate parent company as part of the Group's global risk management practices.

Foreign exchange risk

Foreign exchange risk arises from assets and liabilities denominated in foreign currencies. The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. The company's borrowings include loans from other Abbott Group companies which are denominated in US dollars. The company's policy is not to hedge the foreign currency risk, as the risk is managed within the Abbott Group, and accordingly the company considers the exposure to this risk to be appropriate in the circumstances.

Interest rate risk

Interest income and expenses arise only on intercompany balances.

Liquidity risk

The company has net current liabilities and net liabilities driven entirely by amounts due to other group undertakings. It has no external debt and sufficient cash resources for its operations.

Employees

The company did not have any employees in either year.

DIRECTORS' REPORT - continued

Research and development

The company is not engaged in any research and development activities.

Directors

The Directors of the company during the year and up to the date of approval of this report, all of whom were in office for the full period unless otherwise stated, were as follows:

David Andrew Bond

Ellen Chiniara (resigned 3 October 2017)

Doug Barry (resigned 3 October 2017)

Brian Bernard Yoor (appointed 3 October 2017, resigned 1 August 2018)

Benjamin Edward Oosterbaan (appointed 3 October 2017)

Brian Gregory Shoup (appointed 11 May 2018)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *"The Financial Reporting Standard Applicable in the UK and Republic of Ireland"* (FRS 102).

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 United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained 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.

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.

Qualifying third party indemnity provisions

Third party directors' liability insurance is in place as part of the Abbott Group insurance policies covering the directors of the company and these remain in force at the date of this report.

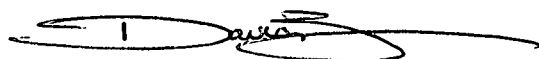
Post balance sheet events

There have been no significant events impacting the company since the year end.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



Mr David Andrew Bond

Director

Alere UK Holdings Limited

11 September 2018



Independent auditors' report to the members of Alere UK Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Alere UK Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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, which comprise:

- the balance sheet as at 31 December 2017;
 - the profit and loss account 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 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

We have nothing to report in respect of the following matters in relation to which 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.

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.

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.

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 31 December 2017 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 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.

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 reporting

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.

A handwritten signature in cursive script that reads 'Ann Lavin'.

Ann Lavin (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Galway

17 September 2018

PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(53)	(60)
Foreign exchange gain/(loss)		17,875	(36,670)
Operating profit/(loss)	5	17,822	(36,730)
Impairment of investments	9	(10,592)	(3,544)
Income from shares in group undertakings	9	9,781	3,200
Profit/(loss) before interest and taxation		17,011	(37,074)
Interest receivable and similar income		634	-
Interest payable and similar expenses		(6,684)	(6,820)
Net interest expense	7	(6,050)	(6,820)
Profit/(loss) before taxation		10,961	(43,894)
Tax on profit/(loss)	8	1,643	2,395
Profit/(loss) for the financial year		<u>12,604</u>	<u>(41,499)</u>

The company had no other comprehensive income in either year and, therefore, no separate Statement of Comprehensive Income has been presented.


BALANCE SHEET
As at 31 December 2017

		2017 £'000	2016 £'000
Fixed assets			
Investments	9	<u>150,883</u>	<u>161,475</u>
Current assets			
Debtors (including £12,090k (2016: £11,455k) due after one year)	10	19,191	18,681
Cash at bank and in hand		<u>76</u>	<u>299</u>
		19,267	18,980
Creditors: amounts falling due within one year	11	<u>(147,385)</u>	<u>(134,521)</u>
Net current liabilities		<u>(128,118)</u>	<u>(115,541)</u>
Total assets less current liabilities		<u>22,765</u>	<u>45,934</u>
Creditors: amounts falling due after more than one year	11	<u>(50,778)</u>	<u>(86,551)</u>
Net liabilities		<u>(28,013)</u>	<u>(40,617)</u>
Capital and reserves			
Called up share capital	12	160,277	160,277
Share premium account	12	6,027	6,027
Retained earnings	12	<u>(194,317)</u>	<u>(206,921)</u>
Total equity		<u>(28,013)</u>	<u>(40,617)</u>

The notes on pages 12 to 24 are an integral part of these financial statements.

The financial statements on pages 9 to 24 were authorised for issue by the board of directors on

11 September 2018 and were signed on its behalf.



Mr David Andrew Bond
Director
Alere UK Holdings Limited
Registered number: 04267530

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2017

	Called up share capital £'000	Share Premium account £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2016	160,277	6,027	(165,422)	882
Loss for the financial year	-	-	(41,499)	(41,499)
Total comprehensive income for the financial year	-	-	(41,499)	(41,499)
Balance as at 31 December 2016	<u>160,277</u>	<u>6,027</u>	<u>(206,921)</u>	<u>(40,617)</u>
Balance as at 1 January 2017	160,277	6,027	(206,921)	(40,617)
Profit for the financial year	-	-	12,604	12,604
Total comprehensive income for the financial year	-	-	12,604	12,604
Balance as at 31 December 2017	<u>160,277</u>	<u>6,027</u>	<u>(194,317)</u>	<u>(28,013)</u>

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Alere UK Holdings Limited is not engaged in any external trading activity. The company acts as a holding company and its activities consist of holding investments which are funded by intercompany loans.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Clearblue Innovation Centre, Priory Business Park, Stannard Way, Bedford, Bedfordshire, MK44 3UP, United Kingdom.

2 Statement of compliance

The individual financial statements of Alere UK Holdings Limited 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" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

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.

a. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b. Going concern

The company meets its day-to-day funding requirements through its bank facilities and the continued financial support of the ultimate parent company, Abbott Laboratories. The company's forecasts and projections, taking account of reasonably possible changes in performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Alere UK Holdings Limited has obtained a letter of support from its ultimate holding company, Abbott Laboratories confirming that it will continue to provide such operational and financial support to Alere UK Holdings Limited to enable it to continue operating and to continue to meet its liabilities as they fall due for a period of at least twelve months from the date of signing these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

c. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following available exemptions on the basis that it is a qualifying entity:

- the requirement to prepare a statement of cash flows under Section 7 of FRS 102 and paragraph 3.17(d);
- exemption from the disclosure of key management personnel compensation in total under FRS 102 paragraph 33.7; and
- exemption from the financial instrument disclosure requirements of Section 11, paragraphs 11.39 to 11.48A.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

d. Consolidated financial statements

The company is a wholly owned subsidiary of Alere Switzerland GmbH and of its ultimate parent, Abbott Laboratories. It is included in the consolidated financial statements of Abbott Laboratories which are publicly available. Therefore the company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

e. Foreign currency

(i) *Functional and presentation currency*

The company's functional and presentation currency is the pound sterling ("£"). Unless otherwise stated the financial statements have been presented in thousands ('000).

(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.

f. Other income and revenue recognition

The company does not have any revenue. Other items of income are accounted for as follows:

(i) *Interest income*

Interest income is recognised using the effective interest rate method and reflected as "Interest receivable and similar income" in the profit and loss account.

(ii) *Dividend income*

Dividend income is recognised when the right to receive payment is established and is reflected as "Income from shares in group undertakings" in the profit and loss account.

g. 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.

Current or deferred taxation assets and liabilities are not discounted.

(i) *Current tax*

Current tax is the amount of income tax payable or receivable in respect of the taxable profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(ii) *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 with 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.

h. Investments

(i) *Investments in subsidiary companies*

Investments in subsidiary companies are stated at cost less accumulated impairment losses.

i. Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks, and are stated at amortised cost.

j. Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

k. Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

I. Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) *Financial assets*

Basic financial assets, including trade and other debtors, cash and cash equivalents, and amounts owed by group undertakings are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, amounts owed by group undertakings and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

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

(ii) *Financial liabilities*

Basic financial liabilities, including trade and other creditors, and amounts due to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, amounts due to group undertakings and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

l. Financial instruments - continued

(iii) *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements only when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

m. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares shown in equity as a deduction, net of tax, from the proceeds.

n. Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

4 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

The company has not used any critical judgements, apart from those involving estimates in applying the company's accounting policies.

b. Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) *Financial assets*

The company assesses annually whether there are any indicators of impairment in its investments in subsidiary undertakings. In making these assessments the directors consider both the current performance and financial position of the subsidiary undertakings and the future performance expectation for these undertakings. See note 9 for the carrying amount of investments in subsidiaries and details of impairments recorded in the period.

5 Operating profit/(loss)	2017	2016
	£'000	£'000
Operating profit/(loss) is stated after charging:		
Audit fees payable to the company's auditors	<u>22</u>	<u>22</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Employees and directors

The company had no employees in either year. None of the directors received any remuneration from the company or other group companies in either year in respect of their services to Alere UK Holdings Limited.

7 Net interest expense	2017 £'000	2016 £'000
(a) Interest receivable and similar income		
Interest receivable on amounts owed by group undertakings	634	-
Total interest receivable and similar income	<u>634</u>	<u>-</u>
(b) Interest payable and similar expenses		
Interest payable on amounts owed to group undertakings	(6,684)	(6,820)
Total interest payable and similar expenses	<u>(6,684)</u>	<u>(6,820)</u>
(c) Net interest expense		
Interest receivable and similar income	634	-
Interest payable and similar expenses	(6,684)	(6,820)
Net interest expense	<u>(6,050)</u>	<u>(6,820)</u>
8 Tax on profit/(loss)	2017 £'000	2016 £'000
(a) Tax credit included in profit and loss		
Current tax:		
UK Corporation tax on profit/loss for the year	-	-
Amount receivable for group relief	(1,123)	(1,076)
Adjustment in respect of prior years	(520)	(1,319)
Total current tax credit	<u>(1,643)</u>	<u>(2,395)</u>
Deferred tax	-	-
Tax credit on profit/loss	<u>(1,643)</u>	<u>(2,395)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Tax on profit/(loss) - continued

(b) Reconciliation of tax credit

Tax assessed for the year is lower (2016: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Profit/(Loss) before taxation	10,961	(43,894)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	2,110	(8,779)
Effects of:		
Designated currency election to USD	(3,962)	6,901
Expenses not deductible for tax purposes	3,913	1,421
Income not subject to tax	(2,005)	(619)
Losses transferred to group undertakings	1,123	1,076
Amounts receivable for group relief	(1,123)	(1,076)
Movement on unrecognised deferred tax	(1,179)	-
Adjustment in respect of prior years	(520)	(1,319)
Tax credit for the year	(1,643)	(2,395)

The adjustment in respect of prior years relates to amounts receivable for group relief in respect of prior years tax losses.

(c) Tax rate changes

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 6 September 2016. These reduce the main tax rate to 17% from 1 April 2020.

(d) Deferred tax

The company has a potential deferred tax asset of £5.7m (2016: £6.4m) relating to tax losses which has not been recognised in the financial statements because the company is not expected to make profits against which the asset could be realised in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Investments	2017	2016
	£'000	£'000
Investment in subsidiaries		
At 1 January	161,475	161,475
Impairments (b)	(10,592)	-
At 31 December	<u>150,883</u>	<u>161,475</u>
 Analysed as:		
Unipath Limited	10,347	10,347
Alere Limited	8,442	8,442
Alere Toxicology plc	129,248	129,248
Twist Dx	204	204
Alere UK Subco Limited	-	10,522
Alere BBI Holdings Limited	-	70
Alere Health Corporation	2,642	2,642
	<u>150,883</u>	<u>161,475</u>

(a) During 2017 Alere UK Holdings Limited received a dividend of £9.8m from its subsidiary, Alere UK Subco Limited. In 2016 it received a dividend of £3.2m from Alere Limited.

(b) The company has fully impaired its investments in Alere UK Subco Limited and Alere BBI Holdings Limited, as there are no remaining net assets in these subsidiaries.

Details of the company's subsidiaries are set out on the next page. None of these companies have any shares which are publicly traded.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Investments - continued

Name of company	Registered office	Proportion of voting rights and ordinary share capital held	Principal activity
Unipath Limited*	Clearblue Innovation Centre Priory Business Park Stannard Way Bedford Bedfordshire MK44 3UP England	100%	Provision of management services to group companies
Alere Limited*	Bio-Stat House Pepper Road Hazel Grove Stockport SK7 5BW England	100%	Sale and distribution of diagnostic products and services
Alere Toxicology plc*	21 Blacklands Way Abingdon Oxfordshire OX14 1DY England	100%	Sale of diagnostic testing equipment and services
Twist DX Limited UK*	Building 0 Unit 9a Coldhams Business Park Norman Way Cambridge CB1 3LH England	100%	Research and development of diagnostic products
Alere UK Subco Limited*	Clearblue Innovation Centre Priory Business Park Stannard Way Bedford Bedfordshire MK44 3UP England	100%	Holding company
Alere BBI Holdings Limited*	Clearblue Innovation Centre Priory Business Park Stannard Way Bedford Bedfordshire MK44 3UP England	100%	Holding company
Alere Connected Health Limited*	Clearblue Innovation Centre Priory Business Park Stannard Way Bedford Bedfordshire MK44 3UP England	100%	Dormant

NOTES TO THE FINANCIAL STATEMENTS - continued

Name of company	Registered office	Proportion of voting rights and ordinary share capital held	Principal activity
Alere Health Corporation*	3rd Floor, No. 64 Tacheng Street Taipei, 10343 Taiwan	100%	Sale and distribution of diagnostic products.
BBI Diagnostics Group 2 plc	Clearblue Innovation Centre Priory Business Park Stannard Way Bedford Bedfordshire MK44 3UP England	100%	Dormant
Concateno UK Limited	92 Park Drive Milton Park Abingdon Oxfordshire OX14 4RY England	100%	Dormant
IG Innovations Limited	Gernos Maeslyn Llandysul SA44 5LP Wales	100%	Sale of reagent products
Forensics Limited	Malvern Hills Science Park Geraldine Road Malvern Worcestershire WR14 3SZ England	100%	Sale of forensic diagnostic services
Alere Toxicology AB	Enhagsslingan 17 187 40 Taby Sweden	100%	Sale of medical diagnostic products and services
Alere Toxicology Srl	Via Eleonora Duse n. 35 - 00197 Roma, Italy	100%	Sale of diagnostic testing equipment and services
Alere DoA Holdings GmbH	Kauber way 9, D-60529 Frankfurt/Main, Germany	100%	Holding company
Colibri Medical AB	Enhagsslingan 17 187 40 Taby Sweden	100%	Sale of medical diagnostic products
Diagnostic Nord GmbH	Kauber Weg 9 60529 Frankfurt am Main, Germany	100%	Sale of medical diagnostic products

NOTES TO THE FINANCIAL STATEMENTS - continued

Name of company	Registered office	Proportion of voting rights and ordinary share capital held	Principal activity
Alere Healthcare Connections Limited	21 Blacklands Way, Abingdon Oxfordshire, OX14 1DY England	100%	Sale of medical diagnostic products
Unipath Management Limited	Clearblue Innovation Centre Priory Business Park Stannard Way Bedford Bedfordshire MK44 3UP England	100%	Dormant
Unipath Pension Trustee Limited	Clearblue Innovation Centre Priory Business Park Stannard Way Bedford Bedfordshire MK44 3UP England	100%	Pension fund
Cozart Limited	92 Park Drive Milton Park Abingdon Oxfordshire OX14 4RY England	100%	Holding Company
Medscreen Holdings Limited	92 Park Drive Milton Park Abingdon Oxfordshire OX14 4RY England	100%	Holding Company
Concateno South Limited	92 Park Drive Milton Park Abingdon Oxfordshire OX14 4RY England	100%	Dormant

*undertakings held directly by the company

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Debtors	2017 £'000	2016 £'000
Debtors falling due within one year:		
Amounts owed by group undertakings	7,101	6,579
Other debtors	-	647
	<u>7,101</u>	<u>7,226</u>
Debtors falling due after one year:		
Amounts owed by group undertakings	<u>12,090</u>	<u>11,455</u>
Total debtors:		
Amounts owed by group undertakings	19,191	18,034
Other debtors	-	647
	<u>19,191</u>	<u>18,681</u>

Amounts owed by group undertakings include a loan note of £12m (2016: £11.4m) which is unsecured and non-interest bearing. The loan is repayable in full in December 2021. The remainder of the amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11 Creditors - amounts falling due within one year	2017 £'000	2016 £'000
Amounts owed to group undertakings	147,362	134,493
Accruals and deferred income	23	28
	<u>147,385</u>	<u>134,521</u>

Amounts owed to group undertakings include a loan of £11.85m repayable on demand which bears interest at a rate of 5%, and a loan of £52m repayable on demand which bears interest at a variable monthly market rate. The remainder of the balances are unsecured, repayable on demand and interest free.

Creditors - amounts falling due after more than one year	2017 £'000	2016 £'000
Amounts owed to group undertakings	<u>50,778</u>	<u>86,551</u>

Amounts owed to group undertakings are unsecured, bear interest at 8.125% and are repayable in 2019.

12 Share capital	2016 and 2017 Number	2016 and 2017 £'000
Ordinary shares of £1 each		
Allotted and fully paid:		
At 1 January and 31 December	<u>160,277,416</u>	<u>160,277</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

A description of each reserve within equity is outlined below:

Share premium account

The share premium account comprises of amounts received on the issue of share capital over the nominal value of the shares issued.

Retained earnings

Retained earnings represents accumulated comprehensive income for the year and prior periods less dividends paid.

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Contingent liabilities

The company has provided the following guarantees to subsidiary undertakings:

- Unipath Limited in respect of its defined benefit pension scheme deficit in the amount of £1,750,000 at 31 December 2017 (2016: £3,984,000).
- Twist DX Limited in respect of lease obligations totalling £167,000 at 31 December 2017 (2016: £223,000).

14 Related party transactions

The company has availed of the exemption contained in FRS 102 paragraph 33.1A in respect of subsidiary undertakings which are wholly owned within a group. Consequently, the financial statements do not contain disclosures of transactions with entities which are wholly owned within the Abbot Laboratories group.

15 Events after the end of the reporting period

There have been no significant events impacting the company since the year end.

16 Controlling parties

The company's immediate parent undertaking is Alere Switzerland GmbH, a company incorporated in Switzerland.

The company's ultimate parent undertaking and controlling party up until 2 October 2017 was Alere Inc. On 3rd October 2017 Alere Inc. entered into a Merger agreement with Abbott Laboratories, a company incorporated in the United States of America (NYSE: ABT), under which Abbott Laboratories acquired Alere Inc. Alere Inc. survived the merger as a subsidiary of Abbott Laboratories.

At the reporting date, Abbott Laboratories is the parent of the smallest and largest group which prepares consolidated financial statements which include Alere UK Holdings Limited. Copies of the consolidated financial statements can be obtained from: Abbott Laboratories, 100 Abbott Park Road, Abbott Park, Illinois, USA. 60064-6400.

17 Commitments

The company had no revenue or capital commitments at either balance sheet date.