

Alliance Medical Acquisitionco Limited

**Annual Report &
Financial Statements**

For the year ended 31 March 2015

Company number 06412789

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Alliance Medical Acquisitionco Limited

DIRECTORS

G E Blomfield
N J Burley
I K Cattermole

SECRETARY

I K Cattermole

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

BANKERS

NatWest Bank plc
1 Town Hall Building
Banbury
Oxon
OX16 8JS

REGISTERED OFFICE

Iceni Centre
Warwick Technology Park
Warwick
Warwickshire
CV34 6DA

Alliance Medical Acquisitionco Limited

STRATEGIC REPORT

PRINCIPAL ACTIVITY AND REVIEW OF THE YEAR

The principal activity of the Company during the year is the provision of funding to fellow subsidiary undertakings of the Company's ultimate parent, Alliance Medical Group Limited.

REVIEW OF THE BUSINESS

The key performance indicators of the Company are:

	2015 £000	2014 £000
Operating loss	(16,152)	(5,893)

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £24,231,000 (2014: £16,638,000) which has been funded from reserves. The Directors do not recommend the payment of a dividend (2014: £nil).

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
Exchange rate and interest rate risk	Reduced profitability	Hedging via a portion of the Group's borrowings being denominated in Euros.
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.
Counterparty credit risk	A fellow subsidiary undertaking may not satisfy its contractual obligations in meeting its inter-company liabilities	Counterparty credit risk is mitigated by ensuring that loans to fellow subsidiaries contribute to the long term success of the Group.

Alliance Medical Acquisitionco Limited

STRATEGIC REPORT (continued)

CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that, after taking into consideration the funding facilities available to subsidiary undertakings, there are sufficient funds available to subsidiary undertakings to support sustainable planned growth and expansion.

To that end, the Company considers capital to comprise shareholder equity and bank loan facilities.

To maintain or adjust the capital structure, the Company may review the utilisation of bank funding facilities, hedging instruments and the interest payment policy to loan notes holders or issue new loan notes.

REFINANCING

On 15 July 2013 the Group agreed terms to replace its existing debt facilities with new debt facilities. This refinancing was completed in September 2013. The following revisions to the terms have been agreed:

- Capitalisation of 50% of the senior facility;
- A reduction in the interest margin on the super-senior facility to 5% cash and 2.5% performance in kind ("PIK");
- An extension of the maturity date from February 2014 to March 2017; and
- Changes in the applicable financial covenants.

The revised financing provides the Group with a robust short to medium term debt package with improved liquidity that will support the development of the Group over the coming years.

Approved by the Board on 30 July 2015 and signed on its behalf by:



N J Burley
Director

Alliance Medical Acquisitionco Limited

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year to 31 March 2015.

FUTURE DEVELOPMENTS

The Directors continue to seek opportunities to enhance shareholder value by providing suitable finance to Group companies for the foreseeable future.

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:

G E Blomfield

N J Burley

I K Cattermole

L Melville (appointed 30 April 2014, resigned 1 May 2014)

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

POLITICAL DONATIONS

The Company made £nil (2014: £nil) political donations during the year.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP are deemed to be reappointed as auditors under section 487 (2) of the Companies Act 2006.

Alliance Medical Acquisitionco Limited

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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 year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

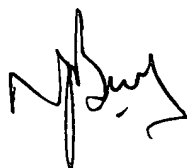
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418, in the case of each Director in office at the date the Directors' Report is approved:

- (a) So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) He has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board on 30 July 2015 and signed on its behalf by:



N J Burley
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE MEDICAL ACQUISITIONCO LIMITED

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, Alliance Medical Acquisitionco Limited's financial statements (the "financial statements"):

- Give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its loss 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

Alliance Medical Acquisitionco Limited's financial statements comprise:

- The balance sheet as at 31 March 2015;
- The profit and loss account 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 applicable law and United Kingdom Accounting Standards (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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE MEDICAL ACQUISITION CO LIMITED
(continued)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

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 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.

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 Annual 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.



David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
31 July 2015

Alliance Medical Acquisitionco Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2015

	Notes	2015 £000	2014 £000
Impairment of investment in subsidiaries		(16,152)	(5,893)
OPERATING LOSS	2	(16,152)	(5,893)
Interest receivable and similar income	3	3,685	3,576
Interest payable and similar charges:			
Interest payable and similar charges	4	(11,764)	(14,319)
Movement in the fair value of derivatives	4	-	(2)
Total interest payable and similar charges		(11,764)	(14,321)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(24,231)	(16,638)
Taxation on loss on ordinary activities	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	(24,231)	(16,638)

The Company's activities all derive from continuing operations.

There are no recognised gains and losses other than those shown above and therefore a statement of total recognised gains and losses has not been included in these financial statements.

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

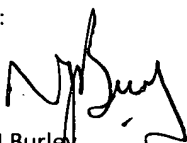
Alliance Medical Acquisitionco Limited

BALANCE SHEET As at 31 March 2015

Company registered number: 6412789

	Notes	2015 £000	2014 £000
FIXED ASSETS			
Investments	6	<u>145,028</u>	<u>161,180</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	4,789	7,722
Debtors: amounts falling due after more than one year	7	45,307	54,439
Cash at bank and in hand	8	<u>26,954</u>	<u>21,309</u>
		77,050	83,470
CREDITORS: amounts falling due within one year	9	<u>(15,477)</u>	<u>(9,253)</u>
NET CURRENT ASSETS		61,573	74,217
TOTAL ASSETS LESS CURRENT LIABILITIES		206,601	235,397
CREDITORS: amounts falling due after more than one year	9	<u>(176,707)</u>	<u>(181,272)</u>
NET ASSETS		29,894	54,125
CAPITAL AND RESERVES			
Called up share capital	12	115,052	115,052
Profit and loss account	13	<u>(85,158)</u>	<u>(60,927)</u>
TOTAL SHAREHOLDERS' FUNDS	13	29,894	54,125

These financial statements were approved by the Board of Directors on 30 July 2015 and were signed on its behalf by:


N J Burley
Director

Alliance Medical Acquisitionco Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March 2015****1. 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 in accordance with applicable accounting standards in the United Kingdom, on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of consolidation

Group financial statements have not been prepared as permitted by section 400 of the Companies Act 2006, as the Company is a wholly owned subsidiary of Alliance Medical Group Limited, a company incorporated in England and Wales, from whose registered office Group financial statements may be obtained. Therefore these financial statements present information about the Company and not about its Group.

Cash flow statement

The Company has taken advantage of the exemption provided in paragraph 5 of FRS 1 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 the ultimate UK parent undertaking.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

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 income-generating unit ("IGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's, or IGU'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.

Alliance Medical Acquisitionco Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March 2015****1. ACCOUNTING POLICIES (continued)****Deferred taxation**

The 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 taxation 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.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Finance costs, which are the difference between the net proceeds and the total amount of payments made in respect of the instruments, are spread on a straight line basis over the expected life of the debt.

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All financial instruments are initially recognised at fair value. After initial recognition, loans and receivables, including short-term receivables, and financial liabilities, including trade payables, are carried at amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts. Derivative financial instruments are carried at fair value.

Derivative financial instruments and hedge accounting

The Company applies FRS 26 'Financial Instruments: Recognition and Measurement' in accounting for financial instruments. The Company's activities expose it to the financial risks of changes in interest rates and foreign currency exchange rates. The Company uses net investment in overseas subsidiaries to manage these exposures. The Company does not use derivative financial instruments for speculative purposes.

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. Non-monetary items that are measured in terms of historical cost in a non-functional currency are not retranslated.

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. ACCOUNTING POLICIES (continued)

Share capital

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

2. LOSS BEFORE INTEREST AND TAX

Auditors' remuneration of £5,000 (2014: £5,000) is borne by Alliance Medical Holdings Limited, a fellow group undertaking.

The Company has no employees (2014: nil).

The Directors have neither received nor waived any emoluments in respect of their services to the Company during the year (2014: £nil). The Directors of the Company are also, or have also been, Directors of one of more of the other companies in the Group. These Directors do not believe that it is practicable to apportion their emoluments between their services as Directors of the Company and their services as Directors of other companies in the Group.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £000	2014 £000
Bank interest	34	-
Interest received from fellow subsidiary undertakings	3,651	3,576
	<u>3,685</u>	<u>3,576</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £000	2014 £000
Bank loan	9,295	11,079
Bank interest	220	205
Amortisation of loan set up fee	354	644
Net retranslation of foreign currency loans and receivables	1,895	2,391
	<u>11,764</u>	<u>14,319</u>
Exceptional item:		
Fair value losses on derivative financial instruments	-	2
	<u>11,764</u>	<u>14,321</u>

Fair value losses on derivative financial instruments in the prior year related to movements on interest rate caps.

Bank loan and bank interest charges for 2014 have been reclassified to reflect more accurately the nature of the costs.

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Tax on loss on ordinary activities

There is no taxation charge in the year (2014: £nil).

(b) Factors affecting the tax credit for the year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015 £000	2014 £000
Loss on ordinary activities before taxation	(24,231)	(16,638)
Loss on ordinary activities at the standard rate of 21% (2014: 23%)	(5,089)	(3,827)
Effects of:		
Expenses not deductible for tax purposes	3,392	1,355
Group relief surrendered for no consideration	1,697	2,472
Current tax credit for year (note 5 (a))	-	-

(c) Factors affecting current and future tax charges

The Finance Act 2013, which was substantively enacted on 2 July 2013, introduced legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

(d) Factors affecting the tax charge for the year

The Company has an unrecognised deferred tax asset in relation to tax losses of £21,006,000 (2014: £21,006,000). Deferred tax is not recognised as the future recovery of the asset is uncertain.

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. INVESTMENTS

	Subsidiary Undertakings £000
Cost:	
At 1 April 2014 and 31 March 2015	<u>571,775</u>
Impairment at 1 April 2014	410,595
Charge in the year	16,152
At 31 March 2015	<u>426,747</u>
Net book value at 31 March 2015	<u>145,028</u>
Net book value at 1 April 2014	<u>161,180</u>

Subsidiary undertakings

The Company held at 31 March 2015 either directly or indirectly the issued share capital of the following companies:

Name	Country of incorporation	Effective % ownership	Principal activities
Alliance Medical Holdings Limited	England	100	Management services
Alliance Medical Leasing Limited	England	100	Finance Services
Alliance Medical Limited	England	100	Medical diagnostic imaging services and parent of English operating subsidiaries
*Alliance Medical Radiopharmacy Limited	England	100	Production of PET radio pharmaceuticals
*Alliance Medical Molecular Imaging Limited	England	100	Production of PET radio pharmaceuticals
*Alliance Medical GmbH	Germany	100	Medical diagnostic imaging services and parent of German operating subsidiaries
*Alliance Medical BV	Holland	100	Medical diagnostic imaging services
*Alliance Medical Diagnostic Imaging Limited	Ireland	100	Management services and parent of Irish operating subsidiaries
Alliance Medical Italia S.r.l.	Italy	100	Management services and parent of Italian operating subsidiaries
Alliance Medical S.r.l.	Italy	100	Medical diagnostic imaging services
*Alliance Medical Diagnostic Imaging (Northern Ireland) Limited	Ireland	100	Medical diagnostic imaging services
*Alliance Diagnostic Services Limited	England	100	Medical diagnostic imaging services
*Lodestone Patient Care Limited	England	100	Dormant company
*Alliance-Servicos Diagnosticos por Imagen Unipessoal LDA	Portugal	100	Dormant company
*Tomovation GmbH	Germany	100	Medical diagnostic imaging services

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. INVESTMENTS (continued)

*TomoSystems GmbH	Germany	100	Medical diagnostic imaging services
*Imagen Medical Digital Servicios Diagnosticos S.A.	Spain	80	Medical diagnostic imaging services
*Alliance Medical La Rioja S.L.	Spain	100	Medical diagnostic imaging services
*Charter Medical Diagnostic Imaging Limited	Ireland	100	Medical diagnostic imaging services
*Barringtons MRI Limited	Ireland	50	Medical diagnostic imaging services
*20/20 Imaging Limited	Ireland	33	Medical diagnostic imaging services
*Clane Hospital X-Ray Limited	Ireland	100	Medical diagnostic imaging services
*Urology Diagnostic S.r.l.	Italy	100	Medical diagnostic imaging services
*Alliance Medical Diagnostic S.r.l.	Italy	100	Medical diagnostic imaging services
*Radioterapia Aurelia S.r.l.	Italy	67	Medical diagnostic imaging services
*held indirectly			

Clane Hospital X-Ray Limited was acquired on 1 February 2015. During September 2014 the Company purchased the remaining share capital of Alliance Medical La Rioja S.L.

A review of investments in subsidiaries was performed during the year, and as a result £16,152,000 (2014: £5,893,000) of the Company's investment in its subsidiaries was identified as being impaired. The directors believe that the carrying value of the investments is supported by their underlying net assets.

7. DEBTORS

	2015	2014
	£000	£000
Amounts owed by group undertakings	4,689	7,622
Prepayments and accrued income	100	100
Amounts falling due within one year	<u>4,789</u>	<u>7,722</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	45,307	54,439
	<u>50,096</u>	<u>62,161</u>

Amounts owed by overseas Group undertakings of £45,307,000 (2014: £54,439,000), included in amounts owed by group undertakings of £49,996,000 (2014: £62,061,000), are unsecured, subject to formal loan agreements and are repayable in more than one year. Interest in respect of these amounts, and amounts owed by overseas group undertakings to fellow UK-based group undertakings, are payable to the Company at a rate of 5% per annum.

The balance of £4,689,000 (2014: £7,622,000), being amounts owed by UK-based Group undertakings to the Company, are unsecured, not subject to formal loan agreement, are repayable on demand and are interest free.

The directors have reviewed the classification of intercompany balances where there are no formal terms in place and concluded that it is more appropriate to present these balances as due on demand instead of basing their maturity on intended repayment dates. As such certain balances in the prior period have been represented for consistency, having no net impact on either net assets or profit.

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. CASH AT BANK AND IN HAND

At 31 March 2015, cash of £5,315,000 (2014: £5,786,000), which is included in the cash at bank and in hand balance, was pledged as collateral for bank guarantees.

9. CREDITORS

Amounts falling due after more than one year	2015 £000	2014 £000
Amounts falling due within one year		
Amounts owed to Group undertakings	15,477	9,253
Amounts falling due after more than one year		
Bank loans	176,707	181,272
	192,184	190,525

Amounts owed to Group undertakings, which are all UK-based, of £15,477,000 (2014: £9,253,000) are interest free, are not subject to formal loan agreements, and are repayable on demand.

The directors have reviewed the classification of intercompany balances where there are no formal terms in place and concluded that it is more appropriate to present these balances as due on demand instead of basing their maturity on intended repayment dates. As such certain balances in the prior period have been represented for consistency, having no net impact on either net assets or profit.

10. BANK LOANS

	2015 £000	2014 £000
Between two and five years	177,415	182,334
Less: unamortised issue costs	(708)	(1,062)
	176,707	181,272

The secured debt comprises a senior facility, consisting of £67.8m Sterling and €67.5m Euro facilities, and a £60.3m super-senior facility, of which £60.3m was drawn at 31 March 2015 (2014: £57.9m). The loans are repayable in full in March 2017, but the Company has the option to repay these facilities before then, subject to providing requisite irrevocable notice of five business days. These loans are secured by fixed and floating charges over the assets of the Group. Interest on the senior facility is payable at a rate of LIBOR or Euribor, for loans denominated in Sterling and Euros respectively, plus a margin of 3.32%. Interest on the super-senior facility is payable at a rate of LIBOR plus 5% plus 2.5% payment in kind ("PIK").

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

11. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

All the Company's interest bearing financial liabilities are at floating rates of interest. The floating rate financial liabilities comprise:

- Sterling denominated bank loans that bear interest at rates based on LIBOR; and
- Euro denominated bank loans that bear interest based on EURIBOR.

Financial liabilities are analysed by currency as follows:

	2015 £000	2014 £000
Sterling	127,349	125,509
Euro	49,358	55,763
	<u>176,707</u>	<u>181,272</u>

Maturity of financial liabilities

The maturity profile of the Company's financial liabilities is as follows:

	2015 £000	2014 £000
Between two and five years	<u>176,707</u>	<u>181,272</u>
	<u>176,707</u>	<u>181,272</u>

The Company has assessed the fair value of the Company's bank loan in the light of market movements in interest rates and finance costs. The Directors consider that the fair value of the borrowings is materially consistent with the book value.

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant to the Company's loss before tax and equity.

	Increase/ decrease in basis points	2015 £000	2014 £000
Sterling	+100	(1,273)	(1,255)
Euro	+100	(494)	(558)
Sterling	-100	1,273	1,255
Euro	-100	494	558

The Company's principal financial liabilities comprise bank loans. The main purpose of these financial liabilities is to provide funding for the Group. Financial liabilities are denominated in Sterling and Euros which match the cash generation currencies of the Group to mitigate foreign exchange risk. The Company's main risks arising from financial liabilities are funding and liquidity risk, capital market risk, principally as a result of changes in interest rates, and foreign currency risk.

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

11. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

The Company's principal financial assets comprise trade receivables and cash at bank and in hand. The Company aims to ensure that it has sufficient financial resources to fund ongoing operations.

The Company's financial risk exposure is managed by Alliance Medical Group Limited.

Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling against Euro exchange rate, with all other variables held constant, of the Company's results before tax (due to the changes in fair value of monetary assets and liabilities) and the Company's equity (due to changes in the realisation of foreign operations and Euro denominated loans).

	2015 Effect on results before tax £000	2015 Effect on equity £000	2014 Effect on results before tax £000	2014 Effect on equity £000
Increase/decrease in Sterling v Euro rate				
+5%	193	193	63	63
-5%	(213)	(213)	(100)	(100)

Interest rate caps

In the prior years the Company mitigated increases in LIBOR and EURBOR using two interest rate caps, these expired on 14 February 2014:

- A Sterling cap with a notional value of £90.3m and a fair value of £nil (2013: £nil) which expired on 14 February 2014 and capped LIBOR at 2.5%; and
- A Euro cap with a notional value of €90.0m and a fair value of £nil (2013: £nil) which expired on 14 February 2014 and capped EURIBOR at 2.5%.

12. CALLED UP SHARE CAPITAL

	2015 No.	2015 £000	2014 No.	2014 £000
Ordinary shares of £1 each				
Authorised	127,552,337	127,552	127,552,337	127,552
Allotted, called up and fully paid *	115,052,377	115,052	115,052,377	115,052

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 April 2014	115,052	(60,927)	54,125
Loss for the year	-	(24,231)	(24,231)
At 31 March 2015	115,052	(85,158)	29,894

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are other wholly owned members of the Alliance Medical Group Limited group.

15. PARENT UNDERTAKINGS

The immediate and ultimate parent undertaking is Alliance Medical Group Limited which is controlled by a syndicate of banks led by Commerzbank AG and M&G Limited. The largest and 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.