

Alliance Medical Acquisitionco Limited

Annual Report & Financial Statements

For the year ended 30 September 2018

Company number 06412789



Alliance Medical Acquisitionco Limited

DIRECTORS

H A Marsh
M D Chapman
P P Van Der Westhuizen
S B Viranna

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 parent, Alliance Medical Group Limited.

REVIEW OF THE BUSINESS

The key performance indicators of the Company are:

	12 months to 30 September 2018	18 months to 30 September 2017
	£000	£000
Operating loss	(3,431)	(18,813)
Net assets	119,008	93,557

RESULTS AND DIVIDENDS

The loss for the year amounted to £7,034,000 (18 months to 30 September 2017: loss of £23,444,000). During the period a dividend of £nil was paid (2017: £nil).

SALE OF THE GROUP AND CHANGE OF YEAR END

On 16 November 2016, the sale of the Group to Life UK Healthcare Limited was approved by the Alliance Medical Group board to support growth plans and the sale completed on 21 November 2016. The financial year for all Alliance Medical Group companies was changed from 31 March to 30 September to coincide with the new ultimate parent company's financial year and hence the comparative figures include the results of the 18 month period to 30 September 2017.

DIRECTORS

During the year G E Blomfield and N J Burley stepped down as executive directors and became non-executive directors.

Alliance Medical Acquisitionco Limited

STRATEGIC REPORT (continued)

MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company's 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 risk including economic risk following referendum decision to leave the European Union	Reduced profitability as a result of instability in the Sterling to Euro exchange rate	Hedging via a portion of a parent undertaking'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.

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 maintain or adjust the capital structuring, the company may review the utilisation of bank funding facilities, hedging instruments and intergroup borrowings.

Approved by the board on 27 June 2019 and signed on its behalf by:



H Marsh
Director

Alliance Medical Acquisitionco Limited

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 30 September 2018.

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 period and up to the date of signing the financial statements were as follows:

G E Blomfield (resigned 1 May 2019)
N J Burley (resigned 1 May 2019)
I Cattermole (resigned on 1 September 2018)
H A Marsh (appointed 1 May 2019)
M D Chapman (appointed 1 May 2019)
P P Van Der Westhuizen (appointed 2 May 2019)
S B Viranna (appointed 2 May 2019)

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

SALE OF THE GROUP

On 16 November 2016, the sale of the Group to Life UK Healthcare Limited was approved by the Alliance Medical Group board to support growth plans and the sale completed on 21 November 2016. The financial year for all Alliance Medical Group companies was changed from 31 March to 30 September to coincide with the new ultimate parent company's financial year and hence the comparative figures include the results of the 18 month period to 30 September 2017

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the period 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 (2017: £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.

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.

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.

Alliance Medical Acquisitionco Limited

DIRECTORS' REPORT (continued)

DIVIDENDS

During the period a dividend of £nil was paid (2017: £nil).

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

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.

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 27 June 2019 and signed on its behalf by:



H Marsh
Director

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

REPORT ON THE FINANCIAL STATEMENTS

OPINION

In our opinion, Alliance Medical Acquisitionco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 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 2018; the profit and loss account, and 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 on which the United Kingdom may withdraw 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.

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

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 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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, 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 MEDICAL ACQUISITIONCO 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.

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.

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.



David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
27 June 2019

Alliance Medical Acquisitionco Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 2018

		12 months ending 30 September 2018 £000	18 months ended 30 September 2017 £000
	Notes		
Administrative expenses		(130)	-
Impairment of investment in subsidiaries		(3,301)	(18,813)
OPERATING LOSS	4	(3,431)	(18,813)
Interest receivable and similar income	5	4,788	5,243
Interest payable and similar charges	6	(8,391)	(9,874)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,034)	(23,444)
Tax on loss on ordinary activities	7	-	-
LOSS FOR THE FINANCIAL PERIOD		(7,034)	(23,444)

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 on ordinary activities before taxation and the loss for the financial periods stated above and their historical cost equivalents.

Alliance Medical Acquisitionco Limited

BALANCE SHEET

As at 30 September 2018

Company registered number: 06412789

	Notes	At 30 September 2018 £000	At 30 September 2017 £000
FIXED ASSETS			
Investments	8	<u>140,542</u>	<u>120,231</u>
		140,542	120,231
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	<u>195,930</u>	<u>147,642</u>
Cash at bank and in hand		<u>19,472</u>	<u>4,259</u>
		215,402	151,901
CREDITORS: amounts falling due within one year	10	<u>(12,372)</u>	<u>(178,575)</u>
NET CURRENT ASSETS/(LIABILITIES)		203,030	(26,674)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>343,572</u>	<u>93,557</u>
CREDITORS: amounts falling due after more than one year	10	<u>(224,564)</u>	<u>-</u>
NET ASSETS		<u>119,008</u>	<u>93,557</u>
CAPITAL AND RESERVES			
Called up share capital	12	<u>147,537</u>	<u>115,052</u>
Profit and loss account		<u>(28,529)</u>	<u>(21,495)</u>
TOTAL SHAREHOLDERS' FUNDS		<u>119,008</u>	<u>93,557</u>

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

These financial statements on pages 9 to 24 were approved by the Board of Directors on 27 June 2019 and were signed on its behalf by:



H Marsh
Director

Alliance Medical Acquisitionco Limited

STATEMENT OF CHANGES IN EQUITY For the year ended 30 September 2018

	Called up share capital	Profit and loss account	Total Shareholders' funds
	£000	£000	£000
At 1 April 2016	115,052	1,949	117,001
Loss for the financial period and total comprehensive expense	-	(23,444)	(23,444)
At 30 September 2017	115,052	(21,495)	93,557
Shares issued during the period	32,485	-	32,485
Loss for the financial year and total comprehensive expense	-	(7,034)	(7,034)
At 30 September 2018	147,537	(28,529)	119,008

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

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 principle 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.

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.

Exemptions

The Company has taken advantage of the exemption provided in paragraph 1.12(a) 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 Alliance Medical Group Limited financial statements.

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 period.

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 the ultimate UK parent undertaking.

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 Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

3. ACCOUNTING POLICIES (continued)

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less provision for impairment. Where part or all of the consideration for acquisitions is deferred or contingent on uncertain future events, the cost of acquisition recorded is a reasonable estimate of the fair value of amounts expected to be payable in the future, discounted to present value.

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.

Alliance Medical Group 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.

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.

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.

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

3. ACCOUNTING POLICIES (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction cost 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 profit and loss account 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.

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.

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.

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 year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

The Company's impairment test for investments is based on value in use which is calculated using a discounted cash flow model, the cash flows for which are based on the Company's budget and do not include significant capital expenditure that will enhance the performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate, the expected future cash inflows and the terminal growth rate.

Where consideration for business acquisitions is contingent on uncertain future events, assessments are required on the likelihood and timing of these events.

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

4. OPERATING LOSS

Auditors' remuneration for audit services of £5,000 (2017: £5,000) is borne by Alliance Medical Holdings Limited, a fellow group undertaking.

There were no staff, other than Directors, during the period (2017: nil).

The Directors have neither received nor waived any emoluments in respect of their services to the Company during the period (2017: £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.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	12 months to 30 September 2018 £000	18 months to 30 September 2017 £000
Bank interest	63	3
Interest receivable from fellow group undertakings	4,093	4,872
Net translation of foreign currency loans, receivables and payables	632	368
	4,788	5,243

6. INTEREST PAYABLE AND SIMILAR CHARGES

	12 months to 30 September 2018 £000	18 months to 30 September 2017 £000
Bank loan	-	4,202
Bank charges and fees	893	-
Early settlement of borrowings	-	2,477
Amortisation of loan set up fee	1,155	354
Interest payable to fellow group undertakings	6,343	2,841
	8,391	9,874

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

7. TAX ON LOSS

(a) Tax on loss

There is no charge for taxation in the period (2017: £nil).

(b) Factors affecting the tax for the period

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 19% (2017: 19.66%). The differences are explained below:

	12 months to 30 September 2018 £000	18 months to 30 September 2017 £000
Loss on ordinary activities before tax	(7,034)	(23,444)
Loss on ordinary activities at the standard rate of 19% (2017: 19.66%)	(1,336)	(4,609)
Effects of:		
Losses not recognised	-	92
Expenses not deductible for tax purposes	707	4,178
Group relief surrendered for no consideration	629	339
Total tax for the year (note 7 (a))	-	-

(c) Factors affecting current and future tax charges

The fall in the UK Corporation tax rate to 17% effective from 1 April 2020 was substantially enacted on 6 September 2016. The financial statements have been prepared reflecting this change to UK tax legislation.

(d) Factors affecting the tax charge for the year

The Company has an unrecognised deferred tax asset in relation to tax losses of £17,856,000 (2017: £18,478,000). 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 30 September 2018

8. INVESTMENTS

	Subsidiary Undertakings £000
Cost at 30 September 2017	571,775
Additions during the year	23,612
At 30 September 2018	595,387
Impairment at 30 September 2017	(451,544)
Charge in the year	(3,301)
At 30 September 2018	(454,845)
Net book value at 30 September 2018	140,542
Net book value at 30 September 2017	120,231

These are analysed as:

Name	Country of incorporation	Value of investment in ordinary share capital £000	Effective % ownership	Principal activities
Alliance Medical Holdings Limited	England ^(A)	-	100	Management services
Alliance Medical Leasing Limited	England ^(A)	-	100	Finance Services
Alliance Medical Limited	England ^(A)	38,563	100	Medical diagnostic imaging services and parent of English operating subsidiaries
*Alliance Medical Radiopharmacy Limited	England ^(A)	-	100	Production of PET radio pharmaceuticals
*Alliance Medical Molecular Imaging Limited	England ^(A)	-	100	Production of PET radio pharmaceuticals
*Alliance Diagnostic Services Limited	England ^(A)	-	100	Medical diagnostic imaging services
*Lodestone Patient Care Limited	England ^(A)	-	100	Holding company
*Piramal Imaging Limited ⁽²⁾	England ^(A)	-	100	Development and production of PET radio pharmaceuticals
Alliance Medical Limited Sede secondaria	Italy ^(B)	-	100	Medical diagnostic imaging services
*Alliance Medical Italia S.r.l.	Italy ^(B)	78,367	100	Management services and parent of Italian operating subsidiaries
*Alliance Medical S.r.l.	Italy ^(B)	-	100	Medical diagnostic imaging services
Carried forward		<u>116,930</u>		

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

8. INVESTMENTS (continued)

Name	Country of incorporation	Value of investment in ordinary share capital £000	Effective % ownership	Principal activities
	Brought forward	116,930		
*Urology Diagnostic S.r.l.	Italy ^(B)	-	100	Medical diagnostic imaging services
*Alliance Medical Diagnostic S.r.l.	Italy ^(B)	-	100	Medical diagnostic imaging services
*Radioterapia Aurelia S.r.l.	Italy ^(B)	-	100	Medical diagnostic imaging services
*Opportunity srl	Italy ^(C)	-	100	Medical diagnostic imaging services
*Laboratorio Albaro srl	Italy ^(C)	-	100	Medical diagnostic imaging services
*Il-Centro srl Diagnostica e Terapia Medica	Italy ^(D)	-	100	Medical diagnostic imaging services
*Centro Polispecialistico valli Stura e Orba Srl	Italy ^(E)	-	100	Medical diagnostic imaging services
*Imed srl ⁽¹⁾	Italy ^(V)	-	100	Medical diagnostic imaging services
*Centro Diagnostico Castellano srl ⁽¹⁾	Italy ^(V)	-	100	Medical diagnostic imaging services
*Centro di Radiologia srl ⁽¹⁾	Italy ^(W)	-	100	Medical diagnostic imaging services
*Centro Alfa srl ⁽³⁾	Italy ^(X)	-	100	Medical diagnostic imaging services
*Charter Medical Diagnostic Imaging Limited	Ireland ^(F)	-	100	Medical diagnostic imaging services
*Alliance Medical Diagnostic Imaging Limited	Ireland ^(F)	-	100	Management services and parent of Irish operating subsidiaries
*Alliance Medical Diagnostic Imaging (Northern Ireland) Limited	Ireland ^(F)	-	100	Medical diagnostic imaging services
*Barringtons MRI Limited	Ireland ^(G)	-	50	Medical diagnostic imaging services
*20/20 Imaging Limited	Ireland ^(H)	-	33	Medical diagnostic imaging services
*BSM Diagnostica Gesellschaft mbH	Austria ^(R)	-	100	Production of PET radio pharmaceuticals
*Alliance Medical GmbH	Germany ^(I)	-	100	Medical diagnostic imaging services and parent of German operating subsidiaries
*Tomovation GmbH	Germany ^(I)	-	100	Medical diagnostic imaging services
*Life Radiopharma f-con GmbH	Germany ^(N)	-	67	Medical diagnostic imaging services
*Life Radiopharma Bonn GmbH	Germany ^(O)	-	100	Production of PET radio pharmaceuticals
*Life Radiopharma Berlin GmbH	Germany ^(Q)	-	100	Production of PET radio pharmaceuticals
*Life Molecular Imaging GmbH ⁽²⁾	Germany ^(S)	-	100	Development and production of PET radio pharmaceuticals
*Alliance Medical BV	Holland ^(J)	-	100	Medical diagnostic imaging services
*Life Radiopharma Warszawa SP Zoo	Poland ^(P)	-	100	Production of PET radio pharmaceuticals
Carried forward		116,930		

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

8. INVESTMENTS (continued)

Name	Country of incorporation	Value of investment in ordinary share capital £000	Effective % ownership	Principal activities
	Brought forward	116,930		
*Alliance-Servicos Diagnosticos por Imagem Unipessoal LDA	Portugal ^(K)	-	100	Dormant company
*Imagen Medical Digital Servicios Diagnosticos S.A.	Spain ^(L)	-	80	Medical diagnostic imaging services
*Alliance Medical La Rioja S.L.	Spain ^(M)	-	100	Medical diagnostic imaging services
Life Molecular Imaging SA ⁽²⁾	Switzerland ^(T)	23,612	100	Development and production of PET radio pharmaceuticals
*Life Molecular Imaging Inc ⁽⁴⁾	USA ^(U)	-	100	Development and production of PET radio pharmaceuticals
		140,542		

*held indirectly

⁽¹⁾ Acquired 16 March 2018

⁽²⁾ Acquired 25 June 2018

⁽³⁾ Acquired 5 September 2018

⁽⁴⁾ Incorporated on 5 July 2018

The registered office of the investments are as follows:

- (A) Icen Centre, Warwick Technology Park, Warwick, Warwickshire, CV34 6DA
- (B) Via G. Mameli 42/A, 20851, Lissone, Italy
- (C) Via Paolo Boselli 32/6, 16146, Genoa, Italy
- (D) Piazza Dante 9/10, 16121, Genoa, Italy
- (E) Via Vallecaldà 45, 16013, Campo Ligure, Italy
- (F) Portal House, Loughmore Avenue, Raheen Business Park, Limerick, Ireland
- (G) Barringtons Hospital, Georges Quay, Limerick Ireland
- (H) 82 North Main Street, Bandon, Co. Cork, Ireland
- (I) Westring 168, 44575 Castrop-Rauxel, Germany
- (J) PO Box 1768, NL-3800 BT Amersfoort, Netherlands
- (K) Avda. Antonio Augusto de Aguilar, 150-5 Dto. 1050-022 Lisboa, Portugal
- (L) Calle Illa, Num. 52 Planta Bajo. 08202 Sabadell, Barcelona, Spain
- (M) Avda. Portugal, Num. 23 Planta 1, Despacho 2, 26001 Logrono, Spain
- (N) Nic.-Aug.-Otto-Str. 7a, D-12489, Berlin, Germany
- (O) Spessartstr. 9, D-53119 Bonn, Germany
- (P) Ul. Szeligowska 3, PL-05-850 Szeligi, Poland
- (Q) Max-Planck-Strabe 4, D-12489 Berlin
- (R) Alser strasse 25, A-1080 Wien, Austria
- (S) Tegeler Strasse 6-7, 13353 Berlin, Germany
- (T) 13 Route de l'Ecole, 1753 Matran, Switzerland
- (U) C/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County, USA
- (V) Via Alfieri 13, 35125 Padova, Italy
- (W) Via Zenson di Piave, 31100 Treviso, Italy
- (X) Via Bellini 174, 41121 Modena, Italy

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

8. INVESTMENTS (continued)

A review of investments in subsidiaries was performed during the year and, as a result, £3,301,000 (2017: £18,813,000) 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 and future cash flows.

On 25 June 2018, the Company acquired the Piramal Imaging SA Group of companies, consisting of 3 legal entities across Switzerland, Germany and the UK. The Swiss and German companies have been rebranded as Life Molecular Imaging and the UK company will be rebranded once regulatory approval is confirmed. The cost of investment includes paid of £889,000 and contingent consideration of £22,723,000 (note 10) which will be payable in US Dollars when it becomes payable.

9. DEBTORS

	As at 30 September 2018 £000	As at 30 September 2017 £000
Amounts owed by Group undertakings	195,930	147,642
	<u>195,930</u>	<u>147,642</u>

Amounts owed by overseas Group undertakings of £76,570,000 (2017: £44,324,000), are unsecured, subject to formal loan agreements and are repayable on demand. 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.

Amounts owed by UK Group undertakings of £119,360,000 (2017: £103,318,000) are unsecured, interest free, and are repayable on demand.

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

10. CREDITORS

a) Amounts falling due within one year:

	As at 30 September 2018 £000	As at 30 September 2017 £000
Amounts owed to group undertakings	12,372	178,575
	<u>12,372</u>	<u>178,575</u>

At 30 September 2018 amounts owed to Group undertakings were unsecured, interest free and were repayable on demand. At 30 September 2017 amounts owed to Group undertakings were unsecured, were repayable on demand and amounts of £8,852,000 were interest free and amounts of £169,723,000 were subject to interest at LIBOR plus a margin.

b) Amounts falling due after more than one year:

	As at 30 September 2018 £000	As at 30 September 2017 £000
Borrowings	201,549	-
Contingent consideration	23,015	-
	<u>224,564</u>	<u>-</u>

The contingent consideration of £23,015,000 relates to the acquisition of the Life Molecular Imaging SA group on 25 June 2018 (note 8). The contingent consideration will become payable when the acquired business is generating a positive cash contribution, measured on a cumulative basis, from the date of acquisition. The contingent consideration is a 50% share of the pre-tax cash generated for a period of 10 years post-acquisition or a maximum of US\$200m. The amount included is the anticipated payment, based on long term forecasts, discounted to present value and retranslated to the foreign exchange rate in force at 30 September 2018.

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

10. CREDITORS (continued)

c) Borrowings

During the year, the amounts that were interest bearing at 30 September 2017 were converted to a longer term arrangement following refinancing of the external debt held by a parent undertaking and the terms of the arrangement were updated so that repayment will occur as agreed between the parties, which is anticipated to be not before December 2022. As the nature of the arrangement has changed, the new loan has been disclosed as borrowings.

The maturity profile of the borrowings is:

	As at 30 September 2018 £000	As at 30 September 2017 £000
Between two and five years	204,380	-
Unamortised issue costs	(2,831)	-
	<u>201,549</u>	<u>-</u>

The borrowings comprise a loan from Life UK Healthcare Limited, a parent undertaking, which is subject to interest at LIBOR plus a margin of 2.85%.

11. FINANCIAL INSTRUMENTS

All the Company's interest bearing financial liabilities are at floating rates of interest. At 30 September 2018 and 30 September 2017 the floating rate financial liabilities comprised a Sterling denominated loan due to a parent undertaking which bears interest at rates based on LIBOR.

Financial liabilities are analysed by currency as follows:

	As at 30 September 2018 £000	As at 30 September 2017 £000
Sterling	<u>204,380</u>	<u>169,723</u>
	<u>204,380</u>	<u>169,723</u>

The Company has assessed the fair value of the Company's 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.

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

11. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, to the Company's profit before tax and equity:

	Increase/ decrease in basis points	As at 30 September 2018 £000	As at 30 September 2017 £000
Sterling	+100	(2,044)	(1,697)
Sterling	-100	2,044	1,697

The Company's principle financial liabilities comprise intercompany loans. The main purpose of these financial liabilities is to provide funding for the Group. Financial liabilities are denominated in Sterling. The Company's main risks arising from financial liabilities are funding and liquidity risk and capital market risk principally as a result of changes in interest rates.

The Company's principle financial assets comprise amounts receivable from group undertakings and cash at bank and in hand.

The Company's financial risk exposure is managed by Life UK Holdco Limited.

Foreign currency risk

The following table demonstrates the sensitivity to a 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).

On 23 June 2016 the UK voted in the European Union (EU) referendum to exit the EU. The outcome of this referendum caused instability in the Sterling value and, as a result, a 15% change in the Sterling against Euro exchange rate was considered reasonably possible during the 18 months to 30 September 2017. For the year to 30 September 2018 this instability has decreased and hence a 5% change in the Sterling against Euro exchange rate is considered an appropriate measure of foreign currency risk.

	As at 30 September 2018 Effect on results before tax £000	As at 30 September 2018 Effect on equity £000	As at 30 September 2017 Effect on results before tax £000	As at 30 September 2017 Effect on equity £000
Increase/(decrease) in Sterling v Euro rate:				
+5% (2017: +15%)	3,508	3,508	5,551	5,551
-5% (2017: -15%)	(3,877)	(3,877)	(7,510)	(7,510)

Alliance Medical Acquisitionco Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

12. CALLED UP SHARE CAPITAL

	2018 No.	2018 £000	2017 No.	2017 £000
Ordinary shares of £1 each				
Authorised	<u>147,537,013</u>	<u>147,537</u>	<u>127,552,337</u>	<u>127,552</u>
Allotted, called up and fully paid	<u>147,537,013</u>	<u>147,537</u>	<u>115,052,377</u>	<u>115,052</u>

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

13. RELATED PARTY TRANSACTIONS

M&G Limited was considered to be a related party until 21 November 2016 when the sale of the Alliance Medical Group to Life UK Healthcare Limited completed.

Thereafter, and to the balance sheet date, there have been no related party transactions other than transactions with fellow subsidiaries of the Life Healthcare Group Holdings Limited group, including the interest bearing loan from Life UK Healthcare Limited (note 10).

14. PARENT UNDERTAKINGS

The immediate parent company is Alliance Medical Group Limited and 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 Icen 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 Oxford Manor, 21 Chaplin Road, Illovo, Gauteng, South Africa, 2196.

15. POST BALANCE SHEET EVENTS

On 21 December 2018, Alliance Medical Ltd, a subsidiary, acquired the entire share capital of European Scanning Centre Limited, the principle activity of which is to provide diagnostic medical imaging services, for an initial consideration of £10,702,000.