

**Diaverum UK Limited**

**Strategic Report, Directors' Report and  
Financial Statements**

**Registered number 06614923**

**31 December 2017**

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## Strategic Report

The directors set out below strategic issues pertaining to the year ended 31 December 2017 and the immediate future.

### Principal activity

The Company's principal activity during the year was the provision of renal dialysis services.

### Review of the business and future developments

The Company's core purpose is to save lives and improve the quality of life for the people it serves. Our business provides this through direct provision of dialysis care and treatment to chronic renal failure patients, delivered from a network of dialysis facilities by our specialist teams of dialysis nurses. We hold contracts with acute NHS Trusts, who refer patients to us and provide medical supervision via their renal doctors. Our contracts for this service provision typically are agreed for a seven to ten-year term. Prices are set per treatment, and payment is made each month based on the total number of treatments conducted.

Business is secured through a process of open competitive tender. At the end of each contract term the NHS has the option to market test through an open tender process and thus may potentially change provider. Opportunities for growth are therefore twofold as we can apply for both completely new services and contract renewals of existing services, where nursing staff delivering the services typically transfer to Diaverum under TUPE rules.

Our business portfolio includes nineteen operational services. 2017 was another very positive year of development for the business building on the prior successful tender bids. The new Walsall service opened in June 2017 with approximately 92 patients. In July 2017 we took over the management of the Ipswich and Aldeburgh dialysis service, treating approximately 20 and 180 patients respectively, including home dialysis patients. The addition of the new services over recent years demonstrates the Company's commitment to and delivery of renal healthcare services in the UK and solidifies Diaverum in a clear number two market position.

Our success rate in tenders continues to be high, due to a number of factors, including: positive references from existing customers, competitive financial offer, and innovation. One key challenge is that current financial pressures within the NHS are making the market much more competitive and it is unlikely that this situation will change in the near future. NHS trusts tend to evaluate the tender proposals focusing mainly on affordability and value for money. Our contracts generally provide for an annual inflationary increase in the revenues but this only provides coverage for our increases in cost, and not profit improvement. The keys to our success in improving profitability for the business are twofold: (i) gaining additional patients through new services and growth in existing services, thus providing more revenue per £ of overhead, and (ii) operational efficiencies and cost reduction programmes.

For the year ended 31 December 2017, the company reported a loss before tax of £1,957,815 (2016: £2,660,809). The loss primarily relates to additional labour cost incurred for agency staff due to the shortage of nurses in the United Kingdom. There were additional costs in the year from the three new clinics added which is yet to become profitable.

The position of the Company balance sheet is set out on page 9. On 15 December 2017, at a meeting of the Board of Directors, the Company increased its share capital from £1 to £2 by the issue of 1 ordinary share at a nominal value of £1 per share and share premium of £1,499,999. On the same day, the company then reduced its share premium by way of solvency statement by £1,499,999.

### Principal risks and uncertainties

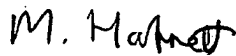
Our market is increasingly under pressure to provide value for money to the NHS, whilst providing the highest medical quality to our patients, recruiting and retaining high quality nursing staff. Our key challenge is to continue to provide good value for money while maintaining our high quality standards, and this balance will be facilitated by our success at growing our patient base.

## Strategic Report (*continued*)

### Key Performance Indicators ("KPIs")

The Company's management evaluates performance on an on-going basis paying attention to a large number of performance criteria. Included within this review are a number of Medical Quality KPIs, which are closely monitored through our patient data collection, to ensure we provide the highest quality dialysis treatment (for example, KT/V, Albumin, Calcium, Haemoglobin, etc.). Performance in 2018 is also expected to improve offering enhanced patient care building upon our extensive knowledge and experience. The directors believe that continuing to focus on the above whilst recognising the need to remain dynamic and adaptable in its assessment of business opportunities will continue to produce a good level of performance.

By order of the board



M Hartnett  
Director

*MH* December 2018

Blenheim Gate  
22 – 24 Upper Marlborough Road, St Albans  
Hertfordshire AL1 3AL

## Director's Report

The directors present their report and the audited financial statements of Diaverum UK Limited (the "Company") for the year ended 31 December 2017.

### Future developments and research and development activity

The future developments and research and development activities of the Company are provided in the strategic report and incorporated into the directors' report by cross-reference.

### Going concern

The financial statements have been prepared on the going concern basis. The directors have received a letter stating that the ultimate parent company, Diaverum Holding S.a.r.l., intends to continue to provide financial support to the Company for a period of at least 12 months from the date of approval of these accounts. In particular, they intend to continue to make available a €6 million intercompany borrowing facility which commenced in June 2018 and provides adequate headroom for expected future borrowing requirements. The directors have satisfied themselves that the ultimate parent company has the available resources to provide those funds.

The financial statements do not include any adjustments that would result if the Company's ultimate parent Company was to withdraw its financial support.

### Dividend

The directors do not propose the payment of a dividend (2016: nil).

### Directors

The following directors have held office during the year and up to the date of approval of these financial statements, unless otherwise stated.

Michael Hartnett

M Sjöholm

D Andersson Tilk

Neil Delmas, appointed 3 October 2016 and resigned on 08 July 2018

Alan John Bowkett appointed 1<sup>st</sup> January 2017

The directors did not hold an interest in the share capital of the Company at any time during the year.

A qualifying third party indemnity provision was in place for the benefit of the directors of the Company during the financial year and also at the date of approval of the financial statements.

### Events after the balance sheet date

The Company signed updated facility agreements with its ultimate parent company Diaverum Holding S.a.r.l on 6 June 2018, which allows access to €6m euro intercompany facility.

On the 18<sup>th</sup> of June 2018, Diaverum UK opened its state of art Kidney Treatment Centre in Thamesmead. This is a 20-station standalone facility, which offers brand new equipment in a modern and spacious setting. The facility will accommodate approximately 72 patients.

### Disclosure of information to auditor

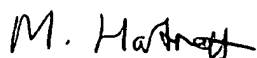
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

## Director's Report (*continued*)

By order of the board



**M Hartnett**  
*Director*  
10<sup>th</sup> December 2018

Blenheim Gate  
22 – 24 Upper Marlborough Road  
St Albans  
Hertfordshire  
AL1 3AL

## **Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## Independent auditor's report to the members of Diaverum UK Limited

### Opinion

We have audited the financial statements of Diaverum UK Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Strategic Report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Matters on which we are required to report by exception

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

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.





## Independent auditor's report to the members of Diaverum UK Limited (continued)

### Directors' responsibilities

As explained more fully in their statement 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*B. J. Stapleton 10 December 2018*

**Benjamin Stapleton (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
58 Clarendon Road  
Watford  
WD17 1DE

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2017*

	<i>Note</i>	<b>2017</b> £	<b>2016</b> £
<b>Turnover</b>	2	9,902,188	8,024,980
Cost of sales		(9,118,092)	(7,388,806)
		<hr/>	<hr/>
<b>Gross profit</b>		784,096	636,174
Administrative expenses	3	(2,648,803)	(3,124,604)
		<hr/>	<hr/>
<b>Operating loss</b>		(1,864,707)	(2,488,430)
Interest payable and similar expenses	6	(93,108)	(172,379)
		<hr/>	<hr/>
<b>Loss before taxation</b>		(1,957,815)	(2,660,809)
Tax on loss	7	-	-
		<hr/>	<hr/>
<b>Loss for the financial year</b>		(1,957,815)	(2,660,809)
		<hr/>	<hr/>
Other comprehensive income for the year, net of income tax		-	-
		<hr/>	<hr/>
<b>Total comprehensive loss for the year</b>		(1,957,815)	(2,660,809)
		<hr/>	<hr/>

The results above relate to continuing operations.

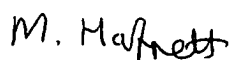
The notes on pages 11 to 20 form part of these financial statements.

**Balance Sheet**  
*at 31 December 2017*

	Note	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		91,544		93,066
Intangible assets	9		53,813		64,757
			<u>145,357</u>		<u>157,823</u>
 <b>Current assets</b>					
Debtors	10	10,935,862		7,498,023	
Cash at bank and in hand	11	721,354		750,000	
			<u>11,657,216</u>		<u>8,248,023</u>
 <b>Creditors: amounts falling due within one year</b>	12	(10,767,574)		(6,913,032)	
			<u></u>	<u></u>	
 <b>Net current assets</b>			<u>889,642</u>		<u>1,334,991</u>
 <b>Total assets less current liabilities</b>			<u>1,034,999</u>		<u>1,492,814</u>
 <b>Net assets</b>			<u>1,034,999</u>		<u>1,492,814</u>
 <b>Capital and reserves</b>					
Called up share capital	14		2		1
Profit and loss account	14		1,034,997		1,492,813
			<u>1,034,999</u>		<u>1,492,814</u>
 <b>Shareholders' funds</b>			<u>1,034,999</u>		<u>1,492,814</u>

The notes on pages 11 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 10/12/2018 and were signed on its behalf by:

  
**M Hartnett**  
Director

Company registered number: 06614923

## Statement of Changes in Equity

	<i>Note</i>	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
		£	£	£
Balance at 1 January 2016		1	3,621	3,622
<b>Total comprehensive income for the period</b>				
Loss for the financial year		-	(2,660,809)	(2,660,809)
<b>Total comprehensive income for the period</b>		-	(2,660,809)	(2,660,809)
Transactions with owners, recorded directly in equity:				
Issue of Shares	14	4,150,001	-	4,150,001
Capital Reduction	14	(4,150,001)	4,150,001	-
<b>Balance at 31 December 2016</b>		<b>1</b>	<b>1,492,813</b>	<b>1,492,814</b>

	<i>Note</i>	<b>Called up share capital</b>	<b>Share Premium</b>	<b>Profit and loss account</b>	<b>Total equity</b>
		£	£	£	£
Balance at 1 January 2017		1	-	1,492,813	1,492,814
<b>Total comprehensive income for the period</b>					
Loss for the financial year		-	-	(1,957,815)	(1,957,815)
<b>Total comprehensive income for the period</b>		-	-	(1,957,815)	(1,957,815)
Transactions with owners, recorded directly in equity:					
Issue of shares	14	1	1,499,999	-	1,500,000
Capital reduction	14	-	(1,499,999)	1,499,999	-
<b>Balance at 31 December 2017</b>		<b>2</b>	<b>-</b>	<b>1,034,997</b>	<b>1,034,999</b>

The notes on pages 11 to 20 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Diaverum UK Limited (the "Company") is a Company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Diaverum Holding S.a.r.l includes the Company in its consolidated financial statements. The consolidated financial statements of Diaverum Holding S.a.r.l are available to the public. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes.
- Key Management Personnel compensation.

As the consolidated financial statements of Diaverum Holding S.a.r.l include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis. The directors have received a letter stating that the ultimate parent company, Diaverum Holding S.a.r.l., intends to continue to provide financial support to the Company for a period of at least 12 months from the date of approval of these accounts. In particular, they intend to continue to make available a €6 million intercompany borrowing facility which commenced in June 2018 and provides adequate headroom for expected future borrowing requirements. The directors have satisfied themselves that the ultimate parent company has the available resources to provide those funds. The financial statements do not include any adjustments that would result if the Company's ultimate parent company was to withdraw its financial support.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.10 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Leasehold improvements and equipment	-	over the lease term
Plant, machinery and exhibition equipment	-	3 to 10 years
Motor vehicles and computer equipment	-	3 years
Capitalised monitors	-	over the contract
Buildings	-	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

#### 1.6 Intangible fixed assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

#### 1.7 Employee benefits

##### *Pension contributions*

The Company contributes to the personal pension plans of certain employees only. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

## **1 Accounting policies (continued)**

### **1.8 Inventories**

Stock, which comprises goods held for resale only is valued at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

### **1.9 Turnover**

The Company's turnover is attributable to its principal activity being the provision of renal care dialysis clinics.

Turnover from patient treatments is recognised in the period in which the treatment is performed. Turnover originates in the United Kingdom and represents net sales to customers excluding value added tax.

### **1.10 Expenses**

#### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

#### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

### **1.11 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 2 Turnover

	2017 £	2016 £
Rental revenue	9,902,188	8,024,980
Total turnover	<u>9,902,188</u>	<u>8,024,980</u>

	2017 £	2016 £
By geographical market		
United Kingdom	9,902,188	8,024,980
	<u>9,902,188</u>	<u>8,024,980</u>

### 3 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2017 £	2016 £
Depreciation of tangible fixed assets	30,823	29,477
Amortisation of intangible fixed assets	21,551	19,966
Operating lease charges	95,897	80,371

*Auditor's remuneration:*

	2017 £	2016 £
Audit of these financial statements	14,400	18,240
Amounts receivable by the Company's auditor and its associates in respect of:		
Taxation compliance services	6,000	5,840
Other tax advisory services	4,200	-
Group re-organisation	9,000	12,600
Audit-related assurance services	2,400	2,400

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Nursing staff	238	194
Healthcare assistants	77	56
Administration	22	22
	<u>337</u>	<u>272</u>



## Notes (continued)

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	8,050,813	7,745,199
Social security costs	732,638	732,039
Other pension costs	107,144	205,411
	<u>8,890,595</u>	<u>8,682,649</u>

Directors' remuneration

	2017 £	2016 £
Directors' remuneration	276,339	276,070
Company contributions to money purchase pension plans	57,626	36,353
Amounts paid to third parties in respect of Director's services	-	30,999
	<u>333,965</u>	<u>343,422</u>

The aggregate of remuneration of the highest paid director was £167,310 (2016: £147,142), and Company pension contributions of £26,186 (2016: £25,492) were made to a pension scheme on his behalf.

	Number of directors 2017	2016
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	-	-
	<u>-</u>	<u>-</u>

## 6 Interest payable and similar charges

	2017 £	2016 £
Payable to group undertakings	<u>93,108</u>	<u>172,379</u>

## Notes (continued)

### 7 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017	2016
	£	£
<i>Current tax</i>		
Current tax on loss for the period	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
<b>Total tax</b>	<b>-</b>	<b>-</b>

#### Reconciliation of effective tax rate

	2017	2016
	£	£
Loss for the year	(1,957,815)	(2,660,809)
Total tax expense	-	-
Loss excluding taxation	(1,957,815)	(2,660,809)
Tax using the UK corporation tax rate of 19.25 (2016: 20%)	(376,812)	(532,162)
Effects of:		
Expenses not deductible for tax purposes	26,663	2,616
Group relief surrendered	328,920	41,764
Impact of rate change on deferred tax	840	-
Fixed asset differences	34	46
Deferred tax not recognised	20,355	487,736
Total tax expense included in profit or loss	-	-

Deferred tax assets amounting to £853,932 (2016: £836,051) have not been recognised in respect of unutilised tax losses due to uncertainty over their future recoverability.

#### Factors affecting the tax charge for the year

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 December 2017 has been calculated based on these rates.

## Notes (continued)

### 8 Tangible fixed assets

	Buildings £	Plant, machinery, computers and exhibition equipment £	Assets under construction £	Total £
<b>Cost</b>				
Balance at 1 January 2017	31,999	116,705	26,946	175,650
Additions	-	25,682	3,618	29,300
Disposals	-	(2,585)	-	(2,585)
Balance at 31 December 2017	31,999	139,802	30,564	202,365
<b>Depreciation and impairment</b>				
Balance at 1 January 2017	(13,561)	(69,023)	-	(82,584)
Depreciation charge for the year	(5,163)	(25,660)	-	(30,823)
Disposals	-	2,586	-	2,586
Balance at 31 December 2017	(18,724)	(92,097)	-	(110,821)
<b>Net book value At 31 December 2017</b>	<b>13,275</b>	<b>47,705</b>	<b>30,564</b>	<b>91,544</b>
At 1 January 2017	18,438	47,682	26,946	93,066

### 9 Intangible fixed assets

	Software £	Assets under construction £	Total £
<b>Cost</b>			
Balance at 1 January 2017	64,772	24,038	88,810
Acquisition	5,567	9,567	15,134
Disposals	-	(4,527)	(4,527)
Balance at 31 December 2017	70,339	29,078	99,417
<b>Amortisation and impairment</b>			
Balance at 1 January 2017	(24,053)	-	(24,053)
Amortisation for the year	(21,551)	-	(21,551)
Balance at 31 December 2017	(45,604)	-	(45,604)
<b>Net book value At 31 December 2017</b>	<b>24,735</b>	<b>29,078</b>	<b>53,813</b>
At 1 January 2017	40,719	24,038	64,757

## Notes (continued)

### 10 Debtors

	2017 £	2016 £
Trade debtors	1,500,603	888,174
Prepayments and accrued income	99,197	57,459
Amounts owed by group undertakings within one year	9,336,062	6,552,390
	<u>10,935,862</u>	<u>7,498,023</u>

### 11 Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	721,354	750,000

### 12 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	178,063	103,888
Amounts owed to group undertakings	8,910,998	126,588
Other creditors and accruals	1,678,513	6,682,556
	<u>10,767,574</u>	<u>6,913,032</u>

### 13 Deferred tax

The net elements of unrecognised deferred tax are as follows:

	2017 £	2016 £
Fixed asset timing differences	12,786	3,498
Short term timing differences	5,774	3,903
Losses and other deductions	835,372	828,650
	<u>853,932</u>	<u>836,051</u>

## Notes (continued)

### 14 Capital and reserves

#### Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
Share capital	1	1
Issue of shares	1	4,150,000
Share premium	1,499,999	-
Capital reduction	(1,499,999)	(4,150,000)
	<u>2</u>	<u>1</u>
Shares classified in shareholder's funds: 2 (2016: 1) ordinary shares of £1 each		

On 15 December 2017, at a meeting of the Board of Directors, the Company increased its share capital from £1 to £2 by the issue of 1 ordinary share at a nominal value of £1 per share and share premium of £1,499,999. On the same day, the company then reduced its share premium by way of solvency statement by £1,499,999.

#### Profit and loss reserves

	2017 £	2016 £
Opening balance	1,492,813	3,621
Capital reduction	1,499,999	4,150,001
Loss for the financial year	(1,957,815)	(2,660,809)
Closing balance	<u>1,034,997</u>	<u>1,492,813</u>

### 15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £	2016 £
Less than one year	78,346	82,663
Between one and five years	133,152	168,517
More than five years	107,920	130,456
	<u>319,418</u>	<u>381,636</u>

During the year £95,897 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £80,371).

## **Notes (continued)**

### **16 Related parties**

#### *Identity of related parties with which the Company has transacted*

The Company has taken advantage of the exemption available under FRS 102 from disclosing transactions between wholly-owned subsidiaries or with their parent.

In the normal course of business the Company will transact at an arms-length basis with fellow members of the Group.

### **17 Ultimate parent Company and parent Company of larger group**

The Company is a subsidiary undertaking of Diaverum Holding UK Limited, a Company registered in the United Kingdom, whose immediate parent undertaking is Diaverum Holding S.a.r.l, a Company incorporated in Luxembourg. The ultimate parent undertaking is Diaverum S.a.r.l, a Company controlled by Bridgepoint Capital, who purchased the entire share capital from Gambro AB on 2 July 2007.

The smallest and largest group for which group financial statements are prepared are Diaverum Holding S.a.r.l. The financial statements of Diaverum Holding S.a.r.l may be obtained from the Company's registered office, L-1331 Luxembourg, 65, Boulevard Grande-Duchesse Charlotte, RCS Luxembourg B 68.235.

### **18 Accounting estimates and judgements**

The directors do not consider there to be any sources of key estimation, uncertainty or critical accounting judgements at the balance sheet date.