

Registered number: 09653328

BBI ACQUISITION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016



BBI ACQUISITION LIMITED

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BBI ACQUISITION LIMITED

COMPANY INFORMATION

Directors	A E Peterson L D Rees L M Taylor (resigned 7 July 2016) A H W Poempner (appointed 7 July 2016)
Registered number	09653328
Registered office	C/O Berry Smith LLP Haywood House Dumfries Place Cardiff CF10 3GA
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Kingsway Cardiff CF10 3PW

BBI ACQUISITION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the Strategic Report of BBI Acquisition Limited (the "company") for the period ended 31 December 2016.

BUSINESS REVIEW

BBI Acquisition Limited (the "company") is an intermediate holding company in the BBI Group Holding Limited group.

The directors manage the various businesses of the BBI Group Holding Limited group (the "group") on a group basis, rather than an individual company basis. As such, a separate business review for the company has not been prepared, but a group review can be found in the Strategic Report contained in the Annual Report of BBI Group Holding Limited. Neither the Strategic Report nor the Annual Report of BBI Group Holding Limited forms part of this report.


PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of BBI Group Holding Limited, which include those of the company, are discussed in the Strategic Report contained in the Annual Report of BBI Group Holding Limited. Neither the Strategic Report nor the Annual Report of BBI Group Holding Limited forms part of this report.

FINANCIAL KEY PERFORMANCE INDICATORS

The directors of BBI Group Holding Limited manage the group's operations on a group-wide basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company.

This report was approved by the board and signed on its behalf by:


A E Peterson
Director

Date: 28/12/2017

BBI ACQUISITION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and the audited financial statements of BBI Acquisition Limited (the "company") for the year ended 31 December 2016.

Results and dividends

The loss for the financial year amounted to £17,860k (2015 - loss £2,704k).

The directors do not recommend the payment of a dividend for the year (2015 - £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

A E Peterson

L D Rees

L M Taylor (resigned 7 July 2016)

A H W Poempner (appointed 7 July 2016)

Future developments

The directors manage the various businesses of the BBI Group Holding Limited Group on a group, rather than individual company basis. Future developments of BBI Group Holding Limited, which includes the Company, are discussed in the Directors' Report contained in the Annual Report of BBI Group Holding Limited.

BBI ACQUISITION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' responsibilities statement

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 the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



A E Peterson
Director

Date: 28/4/2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BBI ACQUISITION LIMITED

Report on the financial statements

Our opinion

In our opinion, BBI Acquisition Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a 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 United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BBI ACQUISITION LIMITED

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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Katharine Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

Date: 28 April 2017

BBI ACQUISITION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

		31 December 2016 £000	6 month period ended 31 December 2015 £000
	Note		
Administrative expenses		(4)	(504)
Exceptional administrative expenses	5	(131)	-
Operating loss	6	(135)	(504)
Income from shares in group undertakings		1,377	-
Finance income	10	3,298	1
Finance costs	11	(26,320)	(2,752)
Loss before tax		(21,780)	(3,255)
Tax on loss	12	3,920	551
Loss for the financial year/period		(17,860)	(2,704)
Gain on interest rate swap derivatives		296	-
Other comprehensive income for the year		296	-
Total comprehensive expense for the year/period		(17,564)	(2,704)

The notes on pages 10 to 25 form part of these financial statements.

BBI ACQUISITION LIMITED
REGISTERED NUMBER: 09653328

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	13	109,759	79,073
		<u>109,759</u>	<u>79,073</u>
Current assets			
Debtors: amounts falling due after more than one year	14	17,960	71
Debtors: amounts falling due within one year	14	5,834	1,134
		<u>23,794</u>	<u>1,205</u>
Creditors: amounts falling due within one year	15	(209)	(999)
Net current assets		<u>23,585</u>	<u>206</u>
Total assets less current liabilities		<u>133,344</u>	<u>79,279</u>
Creditors: amounts falling due after more than one year	16	(153,518)	(81,889)
Net liabilities		<u>(20,174)</u>	<u>(2,610)</u>
Capital and reserves			
Called up share capital	18	1	1
Share premium account	19	93	93
Profit and loss account	19	(20,268)	(2,704)
Total shareholders' deficit		<u>(20,174)</u>	<u>(2,610)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



A E Peterson
Director

Date: 28 April 2017

The notes on pages 10 to 25 form part of these financial statements.

BBI ACQUISITION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2016	1	93	(2,704)	(2,610)
Comprehensive expense for the year				
Loss for the financial year	-	-	(17,860)	(17,860)
Gain on interest rate swap derivatives	-	-	296	296
Total comprehensive expense for the year	-	-	(17,564)	(17,564)
At 31 December 2016	1	93	(20,268)	(20,174)

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
On incorporation	-	-	-	-
Comprehensive expense for the period				
Loss for the financial period	-	-	(2,704)	(2,704)
Total comprehensive expense for the period	-	-	(2,704)	(2,704)
Contributions by and distributions to owners				
Shares issued during the period	1	93	-	94
Total transactions with owners	1	93	-	94
At 31 December 2015	1	93	(2,704)	(2,610)

The notes on pages 10 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. GENERAL INFORMATION

BBI Acquisition Limited (the "company") is an intermediate holding company in the BBI Group Holding Limited group.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is C/O Berry Smith LLP Haywood House, Dumfries Place, Cardiff, CF10 3GA.

2. STATEMENT OF COMPLIANCE

The financial statements of BBI Acquisition Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 4).

The following principal accounting policies have been applied:

3.2 CONSOLIDATION

The company is a wholly owned subsidiary of BBI Group Holding Limited and is included in the consolidated financial statements of BBI Group Holding Limited which are publically available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. ACCOUNTING POLICIES (CONTINUED)

3.3 EXEMPTIONS FOR QUALIFYING ENTITIES UNDER FRS 102

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of BBI Group Holding Limited as at 31 December 2016 and these financial statements may be obtained from C/O Berry Smith LLP Haywood House, Dumfries Place, Cardiff, CF10 3GA.

3.4 GOING CONCERN

The company has net liabilities of £20,174k (2015 - £2,610k). The company is a subsidiary of BBI Group Holding Limited (the "group") and the Group is financed through bank and shareholder debt and is profitable at an operating level and cash generative. The Group's forecasts show that it is expected to continue to be profitable and cash generative at an operating level for the foreseeable future and that the Group has the ability to remain within its committed lending facilities. Therefore the directors have prepared the financial statements on a going concern basis.

3.5 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

3. ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and amounts owed to group undertakings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. The costs are deducted from the liability recognised and will therefore be included in the calculation of amortised cost using the effective interest rate method. They will consequently be recognised in the Consolidated Statement of Comprehensive Income over the life of the debt instrument.

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

(iii) Offsetting

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS (continued)

(iv) Hedging arrangements

The company applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps and caps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

3.7 FINANCE COSTS

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.8 FINANCE INCOME

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. ACCOUNTING POLICIES (CONTINUED)

3.9 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Where relief is claimed against losses sustained by other companies in the group, this relief is charged to the company by the donor company at the rate of £1 for every £1 of taxation not paid. Amounts payable for group relief are included in the taxation charge of the company.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current or deferred taxation assets and liabilities are not discounted.

3.10 EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

**4. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors consider that there are no significant judgments or key sources of estimation uncertainty in the preparation of these financial statements.

BBI ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

5. EXCEPTIONAL ITEMS

	12 months ended 31 December 2016 £000	6 month period ended 31 December 2015 £000
Other one off project costs	131	-

6. OPERATING LOSS

The operating loss is stated after charging:

	12 months ended 31 December 2016 £000	6 month period ended 31 December 2015 £000
Exchange differences	-	(7)

7. AUDITORS' REMUNERATION

	12 months ended 31 December 2016 £000	6 month period ended 31 December 2015 £000
Fees payable to the company's auditors and its associates for the audit of the company's financial statements	1	2
Fees payable to the company's auditors and its associates for other services:		
All other services	64	2

The auditor's remuneration for the company has been borne by another group company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	12 months ended 31 December 2016 £000	6 month period ended 31 December 2015 £000
Wages and salaries	443	27
Social security costs	53	11
Other pension costs	48	8
	<u>544</u>	<u>46</u>

The average monthly number of employees, including the directors, during the year was as follows:

	12 months ended 31 December 2016 No.	6 month period ended 31 December 2015 No.
Directors	<u>3</u>	<u>3</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. DIRECTORS' REMUNERATION

	12 months ended 31 December 2016 £000	6 month period ended 31 December 2015 £000
Directors' emoluments	391	38
Company contributions to defined contribution pension schemes	64	8
	455	46

During the year retirement benefits were accruing to 2 directors (2015 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £268,000 (2015 - £34,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £50,000 (2015 - £6,000).

The emoluments shown above are the emoluments received by L D Rees and L Taylor for their services as directors of the group.

The emoluments of A H W Poempner are disclosed in BBI Diagnostics Group Limited, but it is not possible to apportion the emoluments across the various group companies.

10. FINANCE INCOME

	12 months ended 31 December 2016 £000	6 month period ended 31 December 2015 £000
Interest receivable from group companies	3,298	-
Other interest receivable	-	1
	3,298	1

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. FINANCE COSTS

	12 months ended 31 December 2016 £000	6 month period ended 31 December 2015 £000
Bank interest payable	5,815	2,254
Exchange losses on intercompany loans	15,943	-
Loans from group undertakings	4,562	498
	<u>26,320</u>	<u>2,752</u>

12. TAX ON LOSS ON ORDINARY ACTIVITIES

	12 months ended 31 December 2016 £000	6 month period ended 31 December 2015 £000
Corporation tax		
Current tax credit on loss for the year/period	(2,946)	(551)
Adjustments in respect of prior periods	475	-
Total current tax	(2,471)	(551)
Deferred tax		
Origination and reversal of timing differences	(1,185)	-
Changes to tax rates	204	-
Adjustments in respect of prior periods	(468)	-
Total deferred tax	(1,449)	-
Taxation on loss on ordinary activities	<u>(3,920)</u>	<u>(551)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

FACTORS AFFECTING TAX CREDIT FOR THE YEAR/PERIOD

The tax assessed for the year/period is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.00%). The differences are explained below:

	12 months ended 31 December 2016 £000	6 month period ended 31 December 2015 £000
Loss on ordinary activities before tax	(21,780)	(3,255)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.00%)	(4,356)	(651)
Effects of:		
Expenses not deductible for tax purposes	500	100
Adjustments in respect of prior periods	7	-
Non-taxable income	(275)	-
Tax rate changes	204	-
Total tax credit for the year/period	(3,920)	(551)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The July 2015 Budget Statement announced changes (which were subsequently enacted) to the UK Corporation tax regime which will reduce the main rate of Corporation Tax to 19% from 1 April 2017 and 18% from 1 April 2020. A further change was announced in the March 2016 Budget to further reduce the Corporation Tax rate to 17% by 1 April 2020, which has been substantively enacted.

Accordingly, the deferred tax balance has been calculated using a rate of 17%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. INVESTMENTS

	Investments in subsidiary companies £000
Cost and net book value	
At 1 January 2016	79,073
Additions	30,686
At 31 December 2016	<u>109,759</u>

Details of the subsidiary undertakings are included in note 22.

14. DEBTORS

	2016 £000	2015 £000
Amounts falling due after more than one year		
Amounts owed by group undertakings	<u>17,960</u>	<u>71</u>

Included within amounts owed by group undertakings is an intercompany loan which is repayable on 30 March 2026. This is secured under an Intercreditor Agreement, bears interest from 7.25% - 8.00% and has an election to compound accrued interest annually.

	2016 £000	2015 £000
Amounts falling due within one year		
Amounts owed by group undertakings	1,059	-
Other debtors	5	583
Prepayments and accrued income	3	-
Corporation tax receivable	3,022	551
Deferred taxation	1,449	-
Financial instruments	296	-
	<u>5,834</u>	<u>1,134</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. DEBTORS (CONTINUED)

Derivative financial instruments - Interest rate swaps

During the year, the company entered into interest rate derivatives to fix and/or limit future interest cost exposure on bank loans. This consists of an interest rate swap with 0.75% floor buy back in US Dollars and interest rate cap in Euros with an upfront premium. The swap is based on a current principal amount of \$38,250k, equating to approximately 75% of the principal amount of the company's US Dollar bank loans at 31 December 2016, and matures in 2020. The cap is based on a current principal amount of €18,592k, equating to approximately 75% of the principal amount of the company's Euro bank loans at 31 December 2016, and matures in 2019.

The fair value of the interest rate swap is £294k (2015: £Nil) and for the interest rate cap is £2k (2015: £Nil).

Cash flows on the derivatives are paid quarterly until 2019/2020. Cash flows on the loan notes are paid quarterly until 2020. During 2016, a hedging gain of £296k (2015: £Nil) was recognised in other comprehensive income for changes in the fair value of the derivatives and £Nil (2015: £Nil) was reclassified from the hedge reserve to profit and loss reserve.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Bank loans	-	484
Trade creditors	8	-
Amounts owed to group undertakings	2	-
Accruals and deferred income	199	515
	209	999

The group has bank loan facilities made up of three term loans and one revolving loan. The loans are secured against the assets of all companies within the group with the exception of BBI Group Holding Limited, Eagle SPV 2 Limited and BBI Enzymes SA (Pty) Limited. The loans charge interest at a floating rate with a margin of 7% in addition to various base lending rates. All loans are repayable by 17 November 2021.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £000	2015 £000
Bank loans	58,816	48,308
Amounts owed to group undertakings	94,702	33,581
	153,518	81,889

Bank loans of £Nil (2015 - £52,722k) are repayable after more than five years. The bank loans are disclosed net of capitalised debt fees of £3,672k (2015 - £4,414k).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

17. DEFERRED TAXATION

	2016 £000
At beginning of year	-
Credited to profit or loss	1,449
AT END OF YEAR	1,449

The deferred tax asset is made up as follows:

	2016 £000	2015 £000
Losses	1,449	-

18. CALLED UP SHARE CAPITAL

	2016 £000	2015 £000
Allotted, called up and fully paid		
93,801 (2015 - 93,801) Ordinary shares of £0.01 (2015 - £0.01) each	1	1

19. RESERVES

Share premium account

The share premium account represents consideration received in respect of the issuance of share capital in excess of the nominal value of that share capital, less any costs directly incurred in connection with the issue.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

20. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £48k (2015 - £8k).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Eagle SPV 3 Limited, a company incorporated in England and Wales.

Eagle SPV 3 Limited is the smallest company in the group which prepares consolidated financial statements. Copies of the consolidated financial statements can be obtained from the Company Secretary at C/O Berry Smith LLP Haywood House, Dumfries Place, Cardiff, CF10 3GA.

BBI Group Holding Limited is the largest company in the group which prepares consolidated financial statements. Copies of the consolidated financial statements can be obtained from the Company Secretary at C/O Berry Smith LLP Haywood House, Dumfries Place, Cardiff, CF10 3GA.

BBI Group Holding Limited is controlled by Exponent Private Equity Partners III, LP, the general partner of which is Exponent Private Equity (Holdings) LLP. Exponent Private Equity Partners III, LP, is a collection of c30-40 investors and no one investor has beneficial ownership of more than 15%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

22. SUBSIDIARIES AND OTHER UNDERTAKINGS

The following were subsidiary undertakings of the company:

DIRECT SUBSIDIARY UNDERTAKING

Name	Class of shares	Holding	Principal activity
BBI Diagnostics Group Limited	Ordinary	100 %	Holding company
BBI US Holding LLC	Ordinary	100 %	Holding company

INDIRECT SUBSIDIARIES AND OTHER UNDERTAKINGS

Name	Class of shares	Holding	Principal activity
BBI Detection Limited	Ordinary	100 %	Manufacture of antibodies
BBI Healthcare Limited	Ordinary	100 %	Distributor of healthcare products
BBI Resources Limited	Ordinary	100 %	Business services
BBI Solutions OEM Limited	Ordinary	100 %	Manufacture and development of reagents and diagnostics tests
BBI Detection LLC (incorporated in USA)	Ordinary	100 %	Manufacture and development of reagents and diagnostics tests
British BioCell International Healthcare Holding AB (incorporated in Sweden)	Ordinary	100 %	Holding company
Kullgren Holding AB (incorporated in Sweden)	Ordinary	100 %	Holding company
Rolf Kullgren AB (incorporated in Sweden)	Ordinary	100 %	Manufacture of healthcare products
BBI Enzymes (USA) Limited	Ordinary	100 %	Manufacture and development of reagents
BBI Enzymes SA (Pty) Limited (incorporated in South Africa)	Ordinary	100 %	Manufacture and development of reagents
Vision Biotech Propriety Limited (incorporated in South Africa)	Ordinary	100 %	Manufacture and research of rapid membrane basal assays
Alchemy Laboratories Limited	Ordinary	100 %	Dormant
BBI Enzymes (UK) Limited	Ordinary	100 %	Dormant
British Biocell International Limited	Ordinary	100 %	Dormant
Scipac Limited	Ordinary	100 %	Dormant
BBI Enzymes Limited	Ordinary	100 %	Dormant
Novarum DX Limited	Ordinary	100 %	Mobile reader solutions
BBI Group LLC	Ordinary	100 %	Holding company

BBI ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

22. SUBSIDIARIES AND OTHER UNDERTAKINGS (CONTINUED)

Name	Registered office
BBI Diagnostics Group Limited	c/o Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
BBI Detection Limited	c/o Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
BBI Healthcare Limited	c/o Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
BBI Resources Limited	c/o Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
BBI Solutions OEM Limited	c/o Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
BBI Detection LLC (incorporated in USA)	2312 Vondron Road, Madison, WI 53718
British BioCell International Healthcare Holding AB (incorporated in Sweden)	Box 123, SE-646 22 Gnesta, Sweden
Kullgren Holding AB (incorporated in Sweden)	Ågatan 4, Gnesta, 64630, Sweden
Rolf Kullgren AB (incorporated in Sweden)	Box 123, SE-646 22 Gnesta, Sweden
BBI Enzymes (USA) Limited	c/o Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
BBI Enzymes SA (Pty) Limited (incorporated in South Africa)	19 Packer Avenue, Goodwood, Western Cape, 7460 South Africa
Vision Biotech Propriety Limited (incorporated in South Africa)	Unit 7, 7 Inyoni Road, Ndabeni, Cape Town, 7405, South Africa
Alchemy Laboratories Limited	8 Tom McDonald Avenue, Medipark, Dundee, DD2 1NH
BBI Enzymes (UK) Limited	c/o Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
British Biocell International Limited	c/o Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
Scipac Limited	c/o Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
BBI Enzymes Limited	c/o Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
Novarum DX Limited	c/o Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
BBI US Holding LLC	The Corporation Trust Center, 1209 North Orange Street, Wilmington, New Castle County, Delaware, 19801
BBI Group LLC	The Corporation Trust Center, 1209 North Orange Street, Wilmington, New Castle County, Delaware, 19801