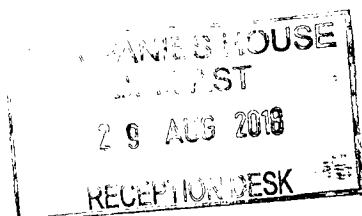
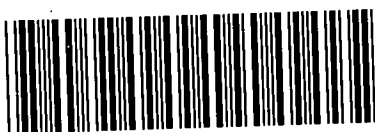


Randox Laboratories Limited
Directors' report and financial statements
for the year ended 31 December 2017



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Radox Laboratories Limited

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Randex Laboratories Limited

1

Directors and advisors

Directors

Dr. Peter Fitzgerald
Richard Kelly

Company secretary

Dr. Peter Fitzgerald

Registered office

Ardmore
55 Diamond Road
Crumlin
County Antrim
BT29 4QY

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Bankers

Danske Bank Limited
42 High Street
Antrim
BT41 4AP

Solicitors

Tughans
Marlborough House
30 Victoria Street
Belfast
BT1 3GG

Strategic report for the year ended 31 December 2017

The directors present their strategic report on the company for the year ended 31 December 2017.

Principal activities and review of the business

Randox research, develop, manufacture, market and sell, globally, innovative healthcare diagnostic products to enable the early and more accurate diagnosis of disease. Healthcare systems across the world are universally under significant pressure with the rise of both communicable and non-communicable diseases, and the increasing burden of chronic conditions such as diabetes and cardiovascular disease. Randox innovations, greatly improving diagnosis, will enable more effective clinical/lifestyle intervention, ensure better patient outcomes and reduce the resource burden on healthcare providers.

Randox are currently exporting to 145 countries globally and estimate that around 100,000 laboratories, or 20% of the world's total, are using some Randox products. This gives scope for the greater penetration of our current customer base, and the exploitation of new markets. Our wide customer base also provides the capability to off-set, say, geo-political challenges in one market with increased sales and marketing application elsewhere. We are also focussed on those markets with the greatest growth potential, and note the prediction that the Asia-Pacific region will have 3.2 billion people defined as economically middle class by 2030, moving from a source of supply to a source of consumption.

Randox capabilities are constantly developing to meet demand, with up to 16% of our turnover committed to research and development and 300 research scientists and engineers dedicated to the improvement of current, and development of new products. We understand our market is dynamic, and aim to remain at the innovative forefront.

Traditional Randox capabilities include Internal Quality Control (IQC), External Quality Assurance (EQA), clinical chemistry reagents and clinical chemistry analysers. Randox IQC is renowned for its stability and accurate value assignment and our global EQA scheme (RIQAS) is the largest in the world, with over 31,000 participants. These capabilities, ensuring the accuracy of laboratory results, are the bedrock of laboratory services. Randox are also a major producer of clinical chemistry reagents, including 10% of the world's cholesterol tests. In prior years, 2015, we produced 115 assays, the world's greatest range, we released market-leading first CE marked assays for Aspirin Resistance (TxB Cardio) and Adiponectin. Our clinical chemistry analysers, ranging from semi-automated to 560 tests per hour are highly reliable and acknowledged as best in class.

Randox's unique innovation lies in our proprietary Biochip Array Technology, which allows multiple diagnostic tests to be conducted simultaneously. This technology is world leading and allows greater use of new knowledge as increasing numbers of biomarkers are researched and proven to provide incremental diagnostic value. Randox arrays are both proteomic and genomic in nature, with capabilities ranging from the facilitation of more effective clinical research, to the accurate identification of multiple pathogens within respiratory disease, to identifying an individual's risk from cardiovascular disease. Our active engagement with over 35 collaborative projects will further enhance these capabilities.

We also actively seek new markets. By its nature Biochip Array Technology is ideally suited, by way of example, to the Food Safety and Forensic Toxicology markets. In the Food Safety area we can detect multiple drug residues, administered to animals but that may remain within the associated foodstuffs prepared for human consumption; this can be harmful and has provided access to related import/export markets and large-scale producers. Forensic toxicology laboratories utilise our products to screen samples for multiple drugs of abuse, providing access to both workplace drug screening and medico-legal markets.

There were a number of one-off transactions in terms of impairment of assets and future provisions during the year. This obviously had an impact on the reported profitability for the year. The Adjusted EBITDA has been recalculated removing these exceptional items and is presented below.

Performance and position

The company reported a loss for the financial year of £10.8m (2016: profit of £8.1m) on a turnover of £85.4m (2016: £81.5m). At the year end the company had net assets of £47.7m (2016: £58.5m).

Principal risks and uncertainties

The directors of the ultimate parent company, Randox Holdings Limited, manage the group's risks at a group level rather than at an individual company level. For this reason, the company's directors believe that a discussion of the group's risks would be inappropriate for an understanding of the development, performance or position of Randox Laboratories Limited's business.

Strategic report for the year ended 31 December 2017 (continued)

Key performance indicators (KPI's)

The company's key performance indicators are gross profit margin, operating profit margin and Adjusted EBITDA ("Earnings before interest, tax, depreciation, amortisation, impairments and exceptional items"). The performance of these key performance indicators is as follows:

	2017	2016	2015
Gross profit margin	52.3%	47.0%	52.4%
Operating (loss)/profit margin	(11.8)%	11.9%	24.3%
Adjusted EBITDA (£'000)	24,980	20,437	25,135

A reconciliation of Adjusted EBITDA is set out below:

	2017 £'000	2016 £'000	2015 £'000
Operating (loss)/profit	(10,050)	9,679	19,156
Depreciation of tangible assets	2,409	2,299	1,963
Amortisation of intangible assets	7,108	5,871	2,089
Impairments of intangible assets	3,110	-	-
Exceptional item – provision for group and related party debtors	19,840	2,588	1,927
Exceptional item – provision for re-testing costs	2,563	-	-
Adjusted earnings before interest, tax, depreciation, amortisation, impairments and exceptional items	24,980	20,437	25,135

Going concern

The group, of which the company is a member, meets its day to day working capital requirements through bank loan facilities which expire in 2022 and 2023 and an overdraft facility which is due for review in October 2018. The current economic conditions create uncertainty particularly over (a) the level of demand for the group's products; (b) exchange rates between the Euro and other currencies impacting on the cost of the group's raw materials; and (c) the availability of bank finance in the foreseeable future. The group and company have incurred exceptional losses this year which have impacted performance, but the group is cash generative and is forecast to remain cash positive.

Given the losses incurred in the year, the group and company have incurred an event of default under the current bank loan facilities which gives Danske bank the right to accelerate repayment and under FRS 102 this would mean the debt being shown as repayable on demand as the group would not be able to unconditionally defer payment. Therefore it is appropriate to treat all of the bank debt as repayable on demand and classify it within "Creditors: amounts falling due within one year." The group has received a covenant waiver from its bankers for the event of default and has received assurances from them that facilities will be maintained on acceptable terms.


The directors' expectation is that the group and the company will have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements and the financial statements do not contain any adjustments that would arise if the group and company were unable to continue as a going concern.

Strategic report for the year ended 31 December 2017 (continued)

Future developments

The company's strategy is to create shareholder value by investing for the long term and by positioning the company to be the leader in its chosen markets. In future years the directors expect the company to return to operating profit.

This report was approved by the board and signed on its behalf on 9 August 2018 by:



Dr. Peter Fitzgerald
Director



Richard Kelly
Director

Directors' report for the year ended 31 December 2017

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

Future developments

The section on future developments, which is detailed in the strategic report, is included in this report by cross reference.

Financial risk management

The company's operations expose it to a variety of financial risks that include price risk, foreign exchange risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set out by the board of directors are implemented by the company's finance department.

Price risk

In terms of pricing risk, the risk of the company receiving low prices compared to market levels is mitigated by the use of up-to-date market intelligence and internal review of pricing assumptions. The company does not have a major exposure to commodity price risk as a result of its operations and is not exposed to equity securities price risk as it holds no listed investments.

Foreign exchange risk

The company's sales are worldwide and therefore the company is exposed to movement in exchange rates. The company also sources raw materials worldwide, this provides partial hedging and therefore reduces the risk of exchange rate movements, it also operates currency bank accounts. Company policy is to minimise the exposure of overseas subsidiaries to transaction risk by matching local currency income and costs. The company has also used financial instruments to hedge foreign exchange exposure and this position is kept under review.

Credit risk

The company's principal financial assets are bank balances, cash, trade and other debtors. The company's credit risk is primarily attributable to these amounts. Trade and other debtor amounts presented in the balance sheet are net of allowances for doubtful receivables. The risk in relation to trade debtors is managed through the ongoing review of the aged profile of the debt, thereby monitoring credit given and optimising the recoverability of the balance on an ongoing basis. The company has no significant concentration of credit risk with the total exposure spread over a number of debtors.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long term and short term finance.

Interest rate risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at both fixed and variable rates. The company debt is primarily maintained at variable rates although it also utilises a number of fixed rate loans.

Environment and corporate responsibility

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Directors' report for the year ended 31 December 2017 (continued)

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike. The company exercises a strong commitment towards the maintenance of a healthy and safe working environment and provides training in safety procedures for its employees both in practical terms and in the issue of safety policies, notifications and publications to raise and maintain awareness to safety matters.

Employees and employee participation

The company applies the principles of fairness and equality of opportunity to both able bodied and disabled in its employment and recruitment policies.

It is the policy of the company to encourage the employment, training and advancement of disabled persons wherever possible. In the event of an employee becoming disabled while in the employment of the company, effort is made to provide a suitable alternative position within the company.

The employees of the company are kept informed on matters through meetings and announcements.

The company maintains an internal Human Resources Department which provides induction and ongoing training and advice in all disciplines of employment policies, procedures and legislation and staff development.

Dividends

The directors have not declared or proposed any dividend during the year (2016: £nil).

Directors

The directors who served during the year and up to the date of these financial statements were signed, were:

Dr. Peter Fitzgerald
Richard Kelly

Political donations

No donations for political purposes were made during the year (2016: £nil).

Overseas branches

Overseas branches of the company are listed in note 22 to the financial statements.

Fixed assets

Full disclosure of matters relating to tangible fixed assets is set out in note 13 to the financial statements.

Research and development activities

The company is strongly committed to research and development activities in order to secure and enhance its market position. Research expenditure in the year was expensed as incurred and research continued to be a significant focus of the company. Development expenditure of £9.2m (2016: £8.4m) was incurred during the year and capitalised as shown in note 12.

Directors' report for the year ended 31 December 2017 (continued)

Statement of directors' responsibilities in respect of the financial statements

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.

Provision of information to auditors

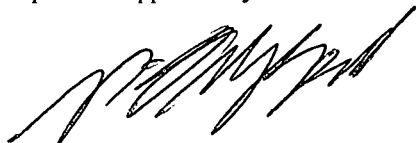
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company auditors in connection with preparing their report and to establish that the company 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 on 9 August 2018 by:



Dr. Peter Fitzgerald
Director



Richard Kelly
Director

Independent auditors' report to the members of Radox Laboratories Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Radox Laboratories Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its 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 Directors' report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of income and retained earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for qualified 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 qualified opinion.

Included within the company's stock balance of £25,344,000 is own manufactured Antibody stock of £9,440,000 which is carried at standard cost. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of these stock items due to the limited usage or sale of Antibodies in the year. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Our audit opinion has been qualified in this respect.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Randox Laboratories Limited (continued)**Reporting on other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit*Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Radox Laboratories Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

In respect solely of the limitation on our work relating to the company's own manufactured Antibody stock of £9,440,000 as described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

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

- 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.



Brenda Heenan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast

Date: 9 August 2018

Statement of income and retained earnings for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Turnover	5	85,410	81,493
Cost of sales		(40,716)	(43,151)
Gross profit		44,694	38,342
Administrative expenses:			
Exceptional items	6	(22,403)	(2,588)
Other administrative expenses		(37,448)	(29,708)
Total administrative expenses		(59,851)	(32,296)
Other operating income	7	5,107	3,633
Operating (loss)/profit	7	(10,050)	9,679
Interest payable and similar expenses	10	(142)	(63)
(Loss)/profit before tax		(10,192)	9,616
Tax on (loss)/profit	11	(612)	(1,506)
(Loss)/profit for the financial year		(10,804)	8,110
Retained earnings at the start of the year		58,439	50,329
Retained earnings at the end of the year		47,635	58,439

All amounts above relate to continuing operations of the company.

The company has no other items of comprehensive income and so no statement of other comprehensive income has been presented.


The notes on pages 13 to 29 are an integral part of these financial statements.

Balance sheet as at 31 December 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	12	24,731	25,247
Tangible assets	13	29,191	25,502
Investments	14	335	335
		54,257	51,084
Current assets			
Stocks	15	25,344	21,516
Debtors	16	71,132	70,788
Cash at bank and in hand		-	131
		96,476	92,435
Creditors: amounts falling due within one year	17	(95,914)	(80,354)
Net current assets		562	12,081
Total assets less current liabilities		54,819	63,165
Creditors: amounts falling due after more than one year	18	(493)	(620)
Provisions for liabilities	19	(6,601)	(4,016)
Net assets		47,725	58,529
Capital and reserves			
Called up share capital	20	88	88
Other reserves		2	2
Retained earnings		47,635	58,439
Total shareholders' funds		47,725	58,529

The notes on pages 13 to 29 are an integral part of these financial statements.

The financial statements of Radox Laboratories Limited, registered number NI 015738, on pages 11 to 29 were approved by the Board of Directors and signed on behalf of the Board of Directors on 9 August 2018 by:


Dr. Peter Fitzgerald
Director


Richard Kelly
Director

Registered number: NI 015738

Notes to the financial statements for the year ended 31 December 2017

1 General information

Randox research, develop, manufacture, market and sell, globally, innovative healthcare diagnostic products to enable the early and more accurate diagnosis of disease.

The company is a private company limited by shares and is incorporated in Northern Ireland in the United Kingdom. The address of its registered office is Ardmore, 55 Diamond Road, Crumlin, Co. Antrim, BT29 4QY.

2 Statement of compliance

The individual financial statements of Randox Laboratories 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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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

Going concern

The group, of which the company is a member, meets its day to day working capital requirements through bank loan facilities which expire in 2022 and 2023 and an overdraft facility which is due for review in October 2018. The current economic conditions create uncertainty particularly over (a) the level of demand for the group's products; (b) exchange rates between the Euro and other currencies impacting on the cost of the group's raw materials; and (c) the availability of bank finance in the foreseeable future. The group and company have incurred exceptional losses this year which have impacted performance, but the group is cash generative and is forecast to remain cash positive.

Given the losses incurred in the year, the group and company have incurred an event of default under the current bank loan facilities which gives Danske bank the right to accelerate repayment and under FRS 102 this would mean the debt being shown as repayable on demand as the group would not be able to unconditionally defer payment. Therefore it is appropriate to treat all of the bank debt as repayable on demand and classify it within "Creditors: amounts falling due within one year." The group has received a covenant waiver from its bankers for the event of default and has received assurances from them that facilities will be maintained on acceptable terms.

The directors' expectation is that the group and the company will have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements and the financial statements do not contain any adjustments that would arise if the group and company were unable to continue as a going concern.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- a reconciliation of the number of shares outstanding at the beginning and end of the period;
- the requirement to prepare a statement of cash flows;
- certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated; and
- the non-disclosure of key management personnel compensation in total.

Notes to the financial statements for the year ended 31 December 2017

3 Accounting policies (continued)

Consolidated financial statements

These financial statements contain information about the company as an individual company and do not contain consolidated financial information as the parent undertaking of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, Radox Holdings Limited, a company incorporated in Northern Ireland.

Intangible assets

Development expenditure:

Development expenditure relating to diagnostic products manufactured by the company is written off as incurred, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised and amortised over the period during which the company is expected to benefit. This period is typically three years. Provision is made for any impairment.

Capitalised development costs include external direct costs of material and services together with direct labour costs and overheads relating to development expenditure. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Licences:

Product licences acquired are capitalised and amortised over their useful economic life which is typically ten years. They are carried at historical cost less accumulated amortisation and impairment losses.

Amortisation and useful life:

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Development expenditure – typically 3 years
- Licences – typically 10 years

Amortisation is charged to Administrative expenses in the Profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

Notes to the financial statements for the year ended 31 December 2017

3 Accounting policies (continued)

Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

(i) Buildings

Buildings are stated at cost less accumulated depreciation and accumulated impairment losses

(ii) Plant and machinery, and office equipment

Plant and machinery, and office equipment, are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Freehold land	0%
Buildings	5% straight line
Plant and machinery	20% - 25% reducing balance
Office equipment	20% reducing balance

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(iv) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

(v) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Administrative expenses'.

Notes to the financial statements for the year ended 31 December 2017**3 Accounting policies (continued)****Leased assets**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a “finance lease”. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful economic life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the statement of income and retained earnings, and the capital element which reduces the outstanding obligation for future instalments.

Rentals under operating leases are charged to the statement of income and retained earnings as incurred.

Impairment of non-financial assets

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

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

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of income and retained earnings, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

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

Investments

Investment in subsidiary companies is held at cost less accumulated impairment losses.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, director labour and an attributable proportion of manufacturing overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the standard cost method. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

At the end of each reporting period stock is assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Notes to the financial statements for the year ended 31 December 2017**3 Accounting policies (continued)****Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Government grants

Capital based grants on tangible fixed assets are shown as deferred income and credited to the statement of income and retained earnings by instalments on a basis consistent with the depreciation policy of the relevant assets.

Grants relating to revenue expenditure are credited to statement of income and retained earnings on an earned and due for payment basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The company recognises revenue when (i) the significant risks and rewards of ownership have been transferred to the buyer; (ii) the company retains no continuing involvement or control over the goods; (iii) the amount of revenue can be measured reliably; and (iv) it is probable that future economic benefits will flow to the company.

(i) Goods

Revenue in respect of goods is recognised upon customer receipt.

(ii) Services

Revenue in respect of services is recognised on a straight line basis over the period in which the service is provided.

Provisions and contingencies*(i) Provisions*

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies

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

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Notes to the financial statements for the year ended 31 December 2017**3 Accounting policies (continued)****Exceptional items**

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

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 receivables, amounts owed by group undertakings and cash and bank balances and 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 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) despite having retained some significant risks and rewards of ownership, 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 payables, bank loans and amounts owed to group undertakings and related parties, 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. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

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

(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 recognized 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 2017**3 Accounting policies (continued)****Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of income and retained earnings, except to the extent that it relates to items recognised in equity. In this case tax is also recognised in equity. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Foreign currency*(i) Functional and presentation currency*

The company's functional and presentation currency is pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings.

Distributions to equity holders

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

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

Notes to the financial statements for the year ended 31 December 2017

3 Accounting policies (continued)

Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognized as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company operates a defined contribution scheme for specific directors and employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Share capital

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

4 Critical accounting judgements and estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results may differ from those estimates.

The Directors regularly evaluate the estimates and judgements. Any revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or prior periods, or in the period of the revision and future periods if the revision affects both current and future periods.

The key accounting judgements and estimates included in the company's financial statements are discussed below.

(a) Critical judgements in applying the entity's accounting policies

Capitalisation of intangible assets

The company capitalises development costs relating to the development of the company's products, where the costs meet the recognition criteria FRS 102. Judgement is required in applying the capitalisation criteria of FRS 102 and determining the point at which the qualifying criteria are met, differentiating between development and research, and in assessing an expected useful life of the resulting development expenditure including an assessment of when capitalised expenditure is impaired. These judgements have a significant impact on the recognition of intangible assets.

During the year £9.7m was capitalised with £9.2m relating to development expenditure and £0.5m relating to licences. In establishing the principles on which the costs are capitalised, the Directors have reviewed the nature of work being performed under the different phases of the project and the nature of the associated deliverables against the capitalisation criteria of FRS 102 and have identified the activities through the life of the project where the related costs should be expensed through the income statement.

Valuation of own manufactured inventory and Antibodies

The costs absorbed into the value of own manufactured inventory require a number of assumptions concerning the allocation of materials, labour and overheads. The assumptions have been made with reference to the requirements of FRS 102. Judgement is used mainly in the application of materials to products produced and in selecting the types of overhead and company personnel that are appropriate to be included in the valuation.

Notes to the financial statements for the year ended 31 December 2017**4 Critical accounting judgements and estimation uncertainty (continued)****(b) Key accounting estimates and assumptions****Intangible asset impairment**

Intangible assets are amortised. The company's reviews their carrying amount at each balance sheet date or if events occur which call into question the carrying values of the assets.

The assumption relating to future cash flows, estimated useful lives and discount rates are based on business forecasts and therefore inherently include an element of management judgement. Future events could cause the assumptions used in these impairments tests to change which may in turn mean future impairment charges to be recognised.

Provision for slow moving or defective inventory

The provision for slow-moving inventory is based on management's estimation of the future sales of each of the company's products over the period from the balance sheet date to the expiry date of the product.

Provision for bad or doubtful debts

The company has significant trade receivable balance from a large number of customers at any given point in time and further to that, significant debtor balances from related party entities. Consequently estimating the required provision for such debtors requires a regular review to identify those entities where events (either historical or current) give management an indication that future collectability may be uncertain.

Taxation

The company is subject to income taxes in various jurisdictions. Significant judgement is employed to determine the income tax provision on a global basis. There are numerous transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimated of whether additional taxes will be due. Where the final tax outcome of these matters differs from amounts initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Re-testing provision

As part of the calculation of the provision the Group has made estimates around the number of customer samples to re-test and the average cost of each re-test. If the number of customer samples changed by +/- 10% the impact on the provision would be +/- £262,000. If the average cost of each re-test changed by +/- 20% the impact on the provision would be +/- £525,000.

5 Turnover

A geographical analysis of turnover and profits before taxation has been omitted because, in the opinion of the directors, the disclosure of such information would be seriously prejudicial to the interests of the company.

6 Exceptional items

Administrative expenses includes an exceptional provision of £19,840,000 (2016: £2,588,000) for provisions relating to group undertakings and related party debtors. Also included in administrative expenses is a provision of £2,563,000 (2016: £nil) relating to future costs to be incurred for re-testing.

Notes to the financial statements for the year ended 31 December 2017
7 Operating (loss)/profit

	2017 £'000	2016 £'000
This is stated after charging/(crediting):		
Staff costs (including amounts capitalised in development expenditure – note 8)	26,136	23,606
Depreciation of tangible fixed assets	2,409	2,299
Amortisation of intangible assets	7,108	5,871
Impairments of intangible assets	3,110	-
Loss on disposal of tangible fixed assets	44	3
Foreign exchange (gain)/loss	(429)	989
Operating lease payments - land and buildings	423	320
Other operating income		
- Research and development credit (RDEC)	(1,893)	(1,701)
- Revenue grants received	(2,700)	(1,638)
- Other income	(514)	(294)
	(5,107)	(3,633)
Fees payable to the company's auditor for the audit of the financial statements	41	41
Fees payable to the company's auditor for other services	14	14
Total amount payable to the company's auditor and its associates	55	55

8 Employee information

	2017 £'000	2016 £'000
Staff costs		
Wages and salaries	23,409	21,152
Social security costs	2,377	2,146
Other pension costs	350	308
	26,136	23,606

Included within staff costs is an amount of £2,983,000 (2016: £3,649,000) that has been capitalised as part of development expenditure.

	2017 Number	2016 Number
The average monthly number of persons (including directors) employed by the company during the year was:		
Research and development	268	250
Production and distribution	457	434
Administration	126	119
	851	803

9 Directors' emoluments

	2017 £'000	2016 £'000
Aggregate emoluments	116	128

Notes to the financial statements for the year ended 31 December 2017
10 Interest payable and similar expenses

	2017	2016
	£'000	£'000
Interest payable on bank loans and overdrafts	142	63

11 Tax on (loss)/profit

	2017	2016
	£'000	£'000
Current tax:		
UK corporation tax on (loss)/profit for the financial year	716	1,541
Adjustment in respect of prior years	(126)	(759)
Total current tax	590	782
Deferred tax:		
Origination and reversal of timing differences	(96)	533
Changes in tax rates and laws	16	(290)
Adjustment in respect of previous years	102	481
Total deferred tax	22	724
Tax on (loss)/profit	612	1,506

Reconciliation of tax charge

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

	2017	2016
	£'000	£'000
(Loss)/profit before tax	(10,192)	9,616
(Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	(1,962)	1,923
Effects of:		
Expenses not deductible for tax purposes	4,183	792
Income not taxable	(36)	(28)
Group relief received	(1,632)	(613)
Effects of overseas tax rates	67	-
Adjustment in respect of previous years	(24)	(278)
Tax rate changes	16	(290)
Total tax on (loss)/profit	612	1,506

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

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 31 December 2017

12 Intangible assets

	Development expenditure £'000	Licences £'000	Total £'000
Cost			
At 1 January 2017	48,092	3,124	51,216
Additions	9,153	549	9,702
Impairment	(3,110)	-	(3,110)
At 31 December 2017	54,135	3,673	57,808
Accumulated amortisation			
At 1 January 2017	24,795	1,174	25,969
Charge for the year	6,887	221	7,108
At 31 December 2017	31,682	1,395	33,077
Net book amount			
At 31 December 2017	22,453	2,278	24,731
At 31 December 2016	23,297	1,950	25,247

Development expenditure and licences (net book value) amounting to £24.7m (2016: £25.2m) are pledged as security against the company's bank loans and overdrafts. Impairments relate to projects which no longer meet the criteria to be capitalised.

13 Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2017	25,729	17,793	7,685	51,207
Additions	4,780	317	1,091	6,188
Disposals	-	(119)	(152)	(271)
At 31 December 2017	30,509	17,991	8,624	57,124
Accumulated depreciation				
At 1 January 2017	6,692	13,849	5,164	25,705
Charge for the year	890	886	633	2,409
Disposals	-	(97)	(84)	(181)
At 31 December 2017	7,582	14,638	5,713	27,933
Net book amount				
At 31 December 2017	22,927	3,353	2,911	29,191
At 31 December 2016	19,037	3,944	2,521	25,502

Land and buildings, plant and machinery and office equipment (net book value) amounting to £29.2m (2016: £25.5m) are pledged as security against the company's bank loans and overdrafts.

Notes to the financial statements for the year ended 31 December 2017

14 Investments

	Unlisted investments £'000	Investments in subsidiary undertakings £'000	Total £'000
Cost			
At 1 January 2017 and at 31 December 2017	335	1,794	2,129
Accumulated impairments			
At 1 January 2017 and at 31 December 2017	-	1,794	1,794
Net book amount			
At 31 December 2017	335	-	335
At 31 December 2016	335	-	335

The company holds 100% of the share capital in the following companies whose principal activities are the sale of biotechnology products, other than Radox Land Owner Ltd whose activity is the leasing of a commercial building:

Company	Country of incorporation	Registered office address
Radox Laboratories Canada Ltd	Canada	1012 Ernest Cousins Circle, New Market, Ontario, L3X 0A1
Radox Laboratories GmbH	Germany	Königsallee 45/47, 40189, Düsseldorf
Irlandox Laboratories Q.A. Ltd	Portugal	Irlandox Laboratorios Quimica Analitica Lda., Rua D. Agostinho de Jesus e, Sousa 264, 4000 -015 Porto, Portugal
Laboratorios Radox S. L.	Spain	Laboratorios Radox SL, C/Enric Prat De La Riba,226, 1 Planta, 08901 L'Hospitalet de Llobregat, Barcelona, Spain
Radox sro	Slovakia	Radox S.R.O, Vilova 2, 851 01 Bratislava, Slovakia
Radox Laboratories sro	Czech Republic	Narodnich hrdinu 12/1, 690 70 Breclav, Czech Republic
Radox Australia (Pty) Ltd	Australia	Radox (Australia) Pty Ltd, Suite 2/4 Charles Street, Parramatta NSW 2150, Australia
Radox Brasil Ltda	Brazil	Radox Brazil Ltda, Rua Fernandes Moreira, 415, Cep: 04716-000-Sao Paulo/SP, Brazil
Radox Laboratories S.A. (Pty) Ltd	South Africa	Radox Laboratories SA (PTY) Ltd, Unit 17 Leogem Commercial Park, 90 Richards Drive, Halfway House, Midrand 1685, South Africa
Radox Korea Ltd.	Korea	904 Doosan Venture-diam 126-1, Pyeongchon-dong, Dongan-gu, Kyonggi-do, South Korea
Radox Laboratories Ltd. (Switzerland)	Switzerland	C/O Auctor Schwyz AG, Wirtschafts-Treuhand, Oberer Steisteg 18, PO Box 148, CH 6430 Schwyz
Radox Laboratories (I) Pvt. Ltd.	India	Plot no. 191 to 195 & 246 to 250, KIADB Industrial Area, Bommasandra, Jigani link road, Bengaluru - 562 105, Bangalore
Radox Laboratories,US Ltd.	USA	Radox Laboratories-US, Ltd, 515 Industrial Blvd, Kearneysville, WV 25430
Radox Land Owner Ltd	USA	Radox Laboratories-US, Ltd, 515 Industrial Blvd, Kearneysville, WV 25430
Radox de Puerto Rico Inc	Puerto Rico	PMB 590 PO Box 29005, San Juan, PR 00929 – 0005, Puerto Rico
Radox Laboratories Ltd. (Jamaica)	Jamaica	7th Floor, ScotiaBank Centre , Cnr Duke & Port Royal Streets , Kingston, Jamaica
Radox Medical Trading LLC	UAE	Radox Medical Trading LLC, Westbury Tower 1, Business Bay, Dubai
Radox Clinic LLC	UAE	Radox Clinic LLC, Al Wasal, Tumeirah First, Dubai
Radox Laboratories Sp ZOO	Poland	ul.pulawska 405 A, 02-801 Warszawa, Poland
Radox Laboratories Hong Kong Ltd	Hong Kong	Room 404, Shui Hing Centre. 13 Sheung Yuet Road. Kowloon Bay. Hong Kong

Notes to the financial statements for the year ended 31 December 2017

15 Stocks

	2017	2016
	£'000	£'000
Raw materials	6,155	5,556
Raw materials - antibodies	9,440	7,708
Work in progress	5,128	3,827
Finished goods and goods for resale	4,621	4,425
	25,344	21,516

16 Debtors

	2017	2016
	£'000	£'000
Trade debtors	6,502	7,448
Amounts owed by group undertakings	51,015	55,349
Amounts due by related parties (note 23)	8,592	3,924
Other debtors	1,160	1,787
Corporation tax	1,461	91
Prepayments and accrued income	2,402	2,189
	71,132	70,788

Amount owed by group undertakings and related parties are unsecured, interest free and are payable on demand.

17 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Bank overdrafts	12,817	12,436
Trade creditors	13,926	13,407
Amounts owed to group undertakings	61,916	48,447
Obligations under finance lease and hire purchase contracts	445	495
Other taxation and social security	1,615	783
Other creditors	2	364
Accruals and deferred income	5,193	4,422
	95,914	80,354

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Security

The company's borrowings at 31 December 2017 are secured by fixed and floating charges over the company's assets and undertakings in favour of Danske Bank.

Notes to the financial statements for the year ended 31 December 2017
18 Creditors: amounts falling due after more than one year

	2017	2016
	£'000	£'000
Obligations under finance lease and hire purchase contracts	493	620

19 Provision for liabilities

	Deferred tax £'000	Provisions for re-testing £'000	Total £'000
At 1 January 2017	4,016	-	4,016
Charged to the profit and loss account	22	2,563	2,585
At 31 December 2017	4,038	2,563	6,601

Re-testing provision

A provision was made for the future costs for the re-testing of samples for customers. The re-testing is expected to be completed over the next few years.

Deferred tax provision

The deferred tax is made up as follows:

	2017	2016
	£'000	£'000
Deferred taxation comprises:		
Short term timing differences	(1)	(11)
Accelerated capital allowances	4,039	4,027
	4,038	4,016

20 Called up share capital

	2017	2016
	£'000	£'000
Allotted and fully paid		
88,200 (2016: 88,200) ordinary shares of £1	88	88

21 Obligations under operating lease commitments

At 31 December the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2017	2016
	£'000	£'000
Within one year	347	495
Within two to five years	437	620
After five years	88	-
	872	1,115

Notes to the financial statements for the year ended 31 December 2017

22 International branches

The company has international branches operating in the following locations:

USA	UAE (Dubai)
France	Puerto Rico
Italy	Hungary
India	Thailand
Poland	Japan
China	Argentina
Russia	Uzbekistan
Vietnam	Bulgaria
Ukraine	Jamaica
Saudi Arabia	Pakistan
Mexico	Singapore
Croatia	
Kyrgyzstan	

23 Related party disclosures

The companies below are related parties as Dr. Peter Fitzgerald is a director and shareholder. Dr. Peter Fitzgerald owns Cherryvalley Farms. Transactions relate to loans, sales, purchases and recharges. No interest is chargeable. The company has taken advantage of the exemption granted by paragraph 3(c) of FRS8, Related Party Disclosures, not to disclose transactions with its parent company Radox Holdings Limited or other group companies. The financial statements of the parent company are available from the address outlined in note 25. In the current year, an amount of £114,000 (2016: £97,000) is included in accruals in respect of a directors current account for Dr. Peter Fitzgerald. No interest was charged or is payable.

	Sales 2017 £'000	Debtor 2017 £'000	Sales 2016 £'000	Debtor 2016 £'000
Radox Clinics Limited	2,303	2,047	1,206	2,036
Radox Health Checks NI Ltd	2,903	-	1	-
Radox Health Checks Ltd	6,913	2,451	1	-
Cherryvalley Farms	1,056	944	-	1,422
Dundarave Properties Ltd	-	-	-	434
Cherry Valley Farming Limited	-	3,150	-	-
Radox Health Checks US LLC	-	-	-	32
	13,175	8,592	1,208	3,924

	Purchases 2017 £'000	Creditor 2017 £'000	Purchases 2016 £'000	Creditor 2016 £'000
Cherryvalley Farms	450	-	450	-

Included within exceptional items is a related party provision of £6,187,000 (2016: £665,000) for amounts owed by the related parties noted above.

Notes to the financial statements for the year ended 31 December 2017

24 Contingent liabilities

The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the company has issued an unlimited guarantee to the bank to support these group facilities. In respect of the banking facilities of Radox Teoranta, the company entered into a guarantee and indemnity from the company in favour of Danske Bank in respect of the present and future liabilities of Radox Teoranta, limited to £1,000,000; and a charge on account of £1,000,000 in bank account of the company with Danske Bank. The company does not expect any losses to arise from this guarantee.

25 Ultimate parent undertaking and ultimate controlling party

The ultimate parent company is Radox Holdings Limited, a company registered in Northern Ireland and based at Ardmore, 55 Diamond Road, Crumlin, County Antrim, BT29 4QY. Copies of the financial statements of Radox Holdings Limited are available from the Registrar of Companies, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG. The ultimate controlling party is Dr. Peter Fitzgerald, a director of the company.