Annual Report and Financial Statements

Alere Limited

For the year ended 31 December 2018

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Registered number: 1716581

Company Information

Directors	Trevor Fellows Tomas Blomquist (resigned 26 August 2019) Brian Bernard Yoor (resigned 1 August 2018)
Company secretary	Trevor Fellows
Registered number	1716581
Registered office	Bio-Stat House Pepper Road Hazel Grove Stockport SK7 5BW
Independent auditor	Ernst & Young Chartered Accountants & Statutory Audit Firm First Floor Hibernian House 45 Eyre Square Galway Ireland
Bankers	HSBC Bank plc 8 Canada Square London E14 5HQ
Solicitors	Berry Smith LLP Dumfries Place Cardiff CF10 3GA

Contents

Strategic report

For the year ended 31 December 2018

The directors present their strategic report on the Company for the year ended 31 December 2018.

Review of the Business

The Company is a subsidiary within the Abbott Laboratories Group (Abbott) following the acquisition of Alere Inc. by Abbott Laboratories in October 2017. The Company operates as a limited risk distributor (LRD) for Alere International Limited, a fellow Abbott company incorporated and based in Ireland.

The Company's principal activity, which has remained unchanged from the previous year, is the UK distribution of medical diagnostic products and related services.

Alere Limited, as part of Abbott Laboratories, one of the largest diversified global healthcare companies and world leader in rapid diagnostics at the point of care, has a particular focus on cardiometabolic disease and infectious disease.

Abbott is a market leader in:

- Tests and instrument systems for hospitals, labs, blood banks and clinics for general health screening, disease diagnosis and monitoring.
- Genetic instruments and tests to realise the promise of personalised medicine for managing infectious diseases and serious illnesses.
- Patient-side blood testing for lab-quality results in minutes.
- Sophisticated information solutions that efficiently share information across the health system, enabling faster and more informed decisions about treatment.

Fast, accurate diagnosis is often the key to successful treatment and a full recovery. Abbott have pioneered innovative ways to screen, diagnose and monitor a vast range of health conditions with greater speed, accuracy and efficiency. As a result, Abbott have become a leading name in immunoassay diagnostics, blood screening, bedside testing and companion diagnostics – tests that provide information that's essential for the safe and effective use of a corresponding medication/treatment.

Abbott Rapid Diagnostics in the UK consists of three business units which facilitate alignment between product categories and specific market segments they apply to and require specialist knowledge to be serviced. Customers include primarily the NHS, Public Health England and private providers of services commissioned by the NHS.

The three business units are in descending order of materiality:

- Infectious Diseases – provision of rapid test results at the patient's side (Point of Care) for bacterial and viral infection diagnosis.
  -Key products include ID Now for Flu, RSV and Strep A
- Cardio Metabolic – provision of rapid test for metabolic disorders including diabetes, kidney function and cholesterol.
  -Key products include Afinion for HbA1c, Lipid Panel, ACR and CRP
- Informatics – the associated electronic interfaces and cloud bases software that supports all business units and interfaces as an open system with other providers and including competitors.
  -Key products include AegisPOC

Alere Limited is a limited risk distributor of finished goods and services, utilising the Abbott shared service model to meet and exceed our customer needs, within Abbott's Quality, Regulatory and Legal framework.

Our business, value proposition and product range remain competitive in the UK market.

Strategic report (continued)

For the year ended 31 December 2018

The profit for the year, after taxation, amounted to £374,000 (2017: profit of £342,000). There were no dividends paid during the current or prior year.

The directors are satisfied with the results for the financial year and the year-end statement of financial position. Sales decrease from £16,840,000 to £15,312,000 offset by a decrease in cost of sales from £12,365,000 to £10,647,000.

The current ratio of the Company has decreased from the prior year to 2.06 (2017: 2.08). The current ratio is a liquidity and efficiency ratio that measures a firms ability to pay off its short-term liabilities with its current assets.

As part of the Abbott acquisition in October 2017, parts of the business were divested worldwide to Quidel (Triage branded products) in current year and Siemens (Epocal branded products) in prior year.

General

The Company is included in Alere International Limited's ISO13485:2016 and EN ISO13485:2016 Quality System accreditations, which were both externally audited during the year.

The Company has continued to maintain activity levels despite price pressures and competitor activity. The structure of the organisation reflects the current market conditions and focus, and the Company is ideally placed to meet its future objectives.

The process of risk management is addressed through a framework of policies, procedures and internal controls. The Company's financial risk management programme is outlined in the Directors' Report.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties affecting the Company to be the financial risk management matters discussed separately in the Directors' report. The directors consider there to be no other principal risks related to the Company's activities.

Strategic report (continued)
For the year ended 31 December 2018

Financial risk management objectives and policies

The Company's operations expose it to a variety of financial risks that include the effect of changes in debt market prices, credit risk, liquidity risk and interest rate risk. Many of these risks are limited for the Company, due to the limited risk distributor ("LRD") trading structure under which it operates with Alere International Limited. Given the size of the Company the directors have not delegated their responsibility for monitoring the financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department. The Company does not use financial instruments to manage its financial risk.

The directors review and agree policies for managing the Company's risks and these are summarised below. These policies have remained unchanged from the previous year.

Price risk
The Company is exposed to product price risk as a result of its operations. However, this exposure is limited for the company, due to its trading structure with Alere International Limited. The Company has no exposure to equity securities price risk as it holds no such securities.

Currency risk
The Company is exposed to very limited currency risk as the majority of its transactions are denominated in Sterling.

Liquidity risk
The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk
Interest rate risk is limited as the Company's interest income and expenses arise almost entirely on intercompany balances.

Credit risk
The Company's principal financial assets are cash and trade debtors. The principal credit risk therefore arises from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Under the LRD structure, the collection risk on the Company's trade debtors is borne by Alere International Limited.

To minimise the exposure to credit risk on cash balances, the Company places its cash with high quality credit institutions.

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

T Fellows

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Trevor Fellows
Director

Date: 25.09.19

Directors' report

For the year ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited 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 Statement of comprehensive income of the Company for that period.

In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited 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 to enable them to ensure that the audited 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.

Principal activity

The Company's activity, which has remained unchanged from the previous year, is the UK distribution of medical diagnostic products and related services.

Future developments

The directors do not plan any change in the activities of the Company and will continue to seek new customers in the UK.

Results and dividends

The profit for the year, after taxation, amounted to £374,000 thousand (2017 -£342,000 thousand).

There were no dividends paid during the current or prior year. The directors do not recommend payment of a final dividend.

Employee involvement

It is Company policy to involve employees in the business and to ensure that matters of concern to them, including the Company's aims and objectives and its financial performance, are communicated in an open and regular way. This is achieved through an employee committee, management briefing and other informal communications.

Directors' report (continued)

For the year ended 31 December 2018

Employment of disabled persons

It is Company's policy to provide equal opportunities for all staff, including disabled persons. Applications for employment and promotions from disabled persons are treated on the same basis as those from other applicants having regard to ability, requirements of the job and experience. In the event of employees becoming disabled, the Company will use its best endeavours to ensure continuity of employment through rehabilitation and retraining.

Corporate commitments

The Company continues to operate under the group system ISO accreditations. The Company is committed to health and safety and ongoing staff training programmes for continued education and improvement.

Directors

The directors who served during the year were:

Trevor Fellows
Tomas Blomquist (resigned 26 August 2019)
Brian Bernard Yoor (resigned 1 August 2018)

Supplier payment policy

The Company does not follow a specific policy on the payment of suppliers. It agrees payment terms with its suppliers when it enters into purchase contract and adheres to these arrangements providing it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Research and development activities

The Company did not engage in any research or development activities during the financial year.

Post balance sheet events

Abbott have formed a Brexit team to review and implement solutions to potential Brexit issues to minimise customer and operational impacts following Brexit.

There have been no other significant events impacting the Company since the balance sheet date.

Qualifying third party indemnity provisions

Third party directors' liability insurance is in place as part of the Abbott group insurance policies covering the directors of the Company and these remain in force at the date of this report.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Directors' report (continued)
For the year ended 31 December 2018

Auditor

The auditor, Ernst & Young, was appointed for the current year and will continue in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 September 2019 and signed on its behalf by.

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Trevor Fellows
Director

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALERE LIMITED

Opinion

We have audited the financial statements of Alere Limited UK for the year ended 31 December 2018 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 24 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 The Financial Reporting Standard applicable in the UK.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its loss for the year ended 31 December 2018
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALERE LIMITED (continued)

Other information

The other information comprises the information included in the annual report set out on pages 1 to 6, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALERE LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement as set out 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, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young

Feargal De Freine (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Galway, Ireland

25.09.2019

Statement of comprehensive income

For the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	5	**15,312**	16,840
Cost of sales		**(10,647)**	(12,365)
Gross profit		**4,665**	4,475
Distribution costs		**(3,264)**	(3,230)
Exceptional operating income	8	**6**	157
Administrative expenses		**(1,161)**	(892)
Other operating income	6	**178**	38
Other operating expenses	7	**(65)**	(54)
Operating profit	9	**359**	494
Interest receivable and similar income	12	**24**	30
Profit on ordinary activities before tax		**383**	524
Tax on profit	13	**(9)**	(182)
Profit for the financial year		**374**	342

There were no recognised gains and losses for 2018 or 2017 other than those included in the Statement of comprehensive income.

The notes on pages 13 to 30 form part of these financial statements.

Alere Limited

Registered number:1716581

Statement of financial position

As at 31 December 2018

	Note		2018 £000		2017 £000
Fixed assets					
Intangible assets	14		1,119		1,319
Tangible assets	15		553		799
			1,672		2,118
Current assets					
Debtors: amounts falling due within one year	16	8,477		4,274	
Cash at bank and in hand		592		2,824	
		9,069		7,098	
Creditors: amounts falling due within one year	17	(4,410)		(3,416)	
Net current assets			4,659		3,682
Total assets less current liabilities			6,331		5,800
Net assets			6,331		5,800
Capital and reserves					
Called up share capital	19		10		10
Share premium account	19		1,236		1,236
Capital contribution	19		795		638
Profit and loss account			4,290		3,916
Total shareholders funds			6,331		5,800

The financial statements were approved and authorised for issue by the board on 25.09.19 and were signed on its behalf by.

T Fellows

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Trevor Fellows

Director

The notes on pages 13 to 30 form part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2018

	Called up share capital	Share premium account	Capital contribution	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	10	1,236	536	3,574	5,356
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	342	342
Total comprehensive income for the financial year	-	-	-	342	342
Credit relating to equity settled share based payments	-	-	102	-	102
Total transactions with owners	-	-	102	-	102
At 1 January 2018	10	1,236	638	3,916	5,800
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	374	374
Total comprehensive income for the financial year	-	-	-	374	374
Credit relating to equity settled share based payments	-	-	157	-	157
Total transactions with owners	-	-	157	-	157
At 31 December 2018	10	1,236	795	4,290	6,331

Notes to the financial statements

For the year ended 31 December 2018

1. General information

Alere Limited is a distributor of medical diagnostic products and related services. The Company acts as a limited risk distributor (LRD) for Alere International Limited.

The Company is a private Company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is Bio-Stat House, Pepper Road, Hazel Grove, Stockport, SK7 5BW, United Kingdom.

2. Statement of compliance

The financial statements of Alere 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 under the historical cost convention unless otherwise specified within these accounting policies 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 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.

3.2 Going concern

The Company meets its day-to-day working capital requirements through its bank facilities, cash generated from operations and the continued financial support of the ultimate parent Company, Abbott Laboratories. The Company's forecast and projections, taking account of reasonably possible changes in performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the financial statements
For the year ended 31 December 2018

3. Accounting policies (continued)

3.3 Financial reporting standard 102 - reduced disclosure exemptions

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 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Abbott Laboratories Group as at 31 December 2018 and these financial statements may be obtained from Abbott Laboratories, 100 Abbott Park Road, Abbott Park, Illinois 60064-3500, USA.

3.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is sterling ("£").

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 comprehensive income within Administrative expenses.

Notes to the financial statements

For the year ended 31 December 2018

3. Accounting policies (continued)

3.5 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.

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer, (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when these specific criteria relating to each of the Company's sales channels have been met, as described below.

(i)Sale of goods
The Company sells a range of medical diagnostic products purchased from Alere International Limited, a group entity registered in Ireland. Sales of goods are primarily recognised on delivery to the customer, when the customer has full discretion over the product and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the goods have been shipped to the location specified by the customer, the risks of obsolescence or loss have been transferred to the customer, the customer has accepted the products in accordance with the sales terms, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

Sales are normally made with a credit term of 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

(ii) Sales of services
The Company sells maintenance services to customers. Revenue is recognised in the accounting period in which the services are rendered. Payment received in respect of service not yet provided are treated as deferred income.

(iii)Interest income
Interest income is recognised using the effective interest rate method.

(iv) Intercompany service income
Intercompany service income is recognised in respect of mark up arising on intercompany cross charges.

Notes to the financial statements

For the year ended 31 December 2018

3. Accounting policies (continued)

3.6 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and post retirement benefits in the form of a defined contribution pension plan.

(i) Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received from the employees.

(ii) Defined contribution pension plan
The Company operates a defined contribution plan for its 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 Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

(iii) Annual bonus plan
The Company operates an annual bonus plan for employees. An expense is recognised in the Statement of comprehensive income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(iv) Share-based payments
The Company's employees participate in a share-based arrangement established by the ultimate parent Company. The employees are granted share options over equity shares of Abbott Laboratories. The fair value of the share options is measured at the grant date. The Company recognises a share-based payment expense in Statement of comprehensive income, based on the grant date fair value of the share options on a straight-line basis over the vesting period, with adjustment to equity as a capital contribution.

Notes to the financial statements

For the year ended 31 December 2018

3. Accounting policies (continued)

3.7 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable or receivable in respect of the taxable profit or loss 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.

(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 recognised on all timing differences at the reporting date with 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.

3.8 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.

3.9 Intangible fixed assets

The Company's intangible fixed assets comprise of goodwill which arose on business transfers from other group companies. £1,818,000 was transferred from Axis Shield in 2011 and £1,600,000 was transferred from Bio-Site in 2008. Goodwill arising on the transfer of a business is the difference between the fair value of the consideration payable and the fair value of the net assets acquired. It is capitalised and amortised through the Statement of comprehensive income over its expected useful economic life which ranges from 14 to 20 years. Impairment tests on the carrying value of goodwill are undertaken when there is an indication of potential impairment.

Notes to the financial statements

For the year ended 31 December 2018

3. Accounting policies (continued)

3.10 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

(i) Depreciation and residual values
Depreciation on assets is calculated, using the straight-line method, to allocate the cost less their residual values over their estimated useful lives, as follows:

Leasehold improvements	10%-15% per annum
Plant, machinery and equipment	15%-33% per annum
Fixtures and fittings	20%-25% per annum

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.

(ii) Subsequent additions and major components
Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the items will flow to the Company 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 their useful life.

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

(iii) Assets in the course of construction
Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

(iv) Derecognition
Tangible fixed 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 the Statement of comprehensive income and included in 'Other operating income' or ' Other operating expenses'.

3.11 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.

3.12 Distribution to equity holders

Dividends and other distributions to 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.

Notes to the financial statements
For the year ended 31 December 2018

3. Accounting policies (continued)

3.13 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned as it avails of FRS 102 exemptions as disclosed in Note 3.3.

3.14 Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets
Leases that do not transfer all the risks and rewards of ownership to the lessee are classified as operating leases. Payments under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

3.15 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 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.

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 comprehensive income, 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 the Statement of comprehensive income.

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 comprehensive income.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Cash and cash equivalents are initially measured at transaction price and subsequently at amortised cost.

Notes to the financial statements
For the year ended 31 December 2018

3. Accounting policies (continued)

3.17 Financial instruments

The Company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets
Basic financial assets, including trade and other debtors, cash and cash equivalents and amounts owed by group undertakings, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, amounts owed by group undertakings and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in the Statement of comprehensive income. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in the Statement of comprehensive income.

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 regards of ownership of the financial assets are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities
Basic financial liabilities, including trade and other creditors and amounts due to group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at present value of the future payments discounted at market rate of interest for a similar debt instrument.

Trade and other creditors, amounts due to group companies and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payments is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors 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.

Notes to the financial statements
For the year ended 31 December 2018

3. Accounting policies (continued)

(iii) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements only 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.

3.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

4. Judgments 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.

Critical judgements in applying the entity's accounting policies
The Company has not made any critical judgements apart from those involving estimates, in preparing the entity financial statements.

Critical accounting estimates and assumptions
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual result. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. No estimate of significance is required with regards to the recoverability of debtors as Alere Limited is a limited risk distributor.

(i) Useful economic lives of tangible fixed assets
The annual depreciation charge for tangible fixed assets is sensitive to change in the estimated useful economic lives and residual values of the asset. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of the fixed assets and note 3.10 for the useful economic lives for each class of assets.

(ii) Useful economic lives of intangible fixed assets
The annual amortisation charge for intangible fixed assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. See note 14 for the carrying amount of the intangible fixed assets and note 3.9 for the useful economic lives of the intangible fixed assets.

Notes to the financial statements
For the year ended 31 December 2018

5. Turnover

The turnover is attributable to the principal activity of the Company and is net of value added tax.

All turnover arises from sales within the United Kingdom.

6. Other operating income

	2018 £000	2017 £000
Intercompany service income	178	38
	178	38

7. Other operating expenses

	2018 £000	2017 £000
Loss on disposal of fixed assets	37	28
Intercompany service charges	28	26
	65	54

8. Exceptional items

	2018 £000	2017 £000
Gain on divestiture	6	157
	6	157

Further to the acquisition of Alere Inc. by Abbott Laboratories in October 2017, the group was required to divest of certain business lines. The gain on divestiture comprises the income attributable to Alere Limited arising from the divestiture of the Triage business line £5,500 in current year and Epocal £157,000 in the prior year.

Notes to the financial statements
For the year ended 31 December 2018

9. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Staff cost	2,386	2,156
Amortisation of goodwill	200	230
Depreciation	292	300
Operating lease rentals: Equipment and Motor vehicles	134	170
Operating lease rentals: Buildings	55	71
Exchange losses	4	5
Audit fees payable to Company's auditor	35	36

10. Employees and directors

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

	2018 £000	2017 £000
Wages and salaries	2,330	2,398
Social security costs	300	319
Pension costs	96	103
Share based payments	157	102
	2,883	2,922
Less: recharged to group companies	(498)	(765)
	2,385	2,157

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

	2018 No.	2017 No.
Management	9	9
Administration and marketing	30	34
	39	43

Notes to the financial statements

For the year ended 31 December 2018

Directors' remuneration

	2018	2017
	£000	£000
Directors' emoluments	186	303
Company contributions to defined contribution pension schemes	-	5
	186	308

The highest paid director received remuneration of £186,459 (2017: £189,182) with a pension contribution of £Nil (2017: £Nil). There were no retirement benefits accruing to directors at year end (2017: £Nil) under a defined contribution scheme.

11. Share based payments

Alere Limited's ultimate parent Company operates equity-settled share based remuneration schemes for employees of the group. Certain employees of the Company have been granted options over shares in Abbott Laboratories.

Stock options granted under the plan vest 25% one year from the date of grant, 25% two years from the date of grant, 25% three years from the date of grant and 25% four years from the date of grant provided an employee remains in service. Stock options expire 10 years from the date of grant. Restricted stock awards (RSA's) typically vest 33% one year from the date of grant, 33% two years from the date of grant and 34% three years from the date of grant provided an employee remains in service.

The Company accounts for these awards as equity settled share-based payment transactions and recognised a share based payment expense based on the grant date fair value of the awards over the vesting period as services rendered by the employees. The plan is an equity-settled share based payment plan, as discussed in FRS 102 section 26.

The share based remuneration expense comprises:

	2018	2017
	£000	£000
Equity settled schemes	157	102

12. Interest receivable

	2018	2017
	£000	£000
Interest receivable from group undertakings	14	28
Interest receivable from third parties	10	2
	24	30

Notes to the financial statements

For the year ended 31 December 2018

13. Taxation

	2018 £000	2017 £000
Corporation tax		
Adjustments in respect of previous periods	127	98
	127	98
Group taxation relief	31	84
	158	182
Total current tax	158	182
Deferred tax		
Timing differences	(149)	-
Total deferred tax	(149)	-
Taxation on profit on ordinary activities	9	182

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 -higher than) the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19% (2017 -19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	383	526
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 -19.25%)	73	101
Effects of:		
Expenses not deductible for tax purposes	-	20
Other adjustments	(34)	(37)
Fixed asset timing differences	(173)	-
Share options	16	-
Prior period adjustments	127	98
Total tax charge for the year	9	182

Notes to the financial statements
For the year ended 31 December 2018

13. Taxation (continued)

Factors that may affect future tax charges

On 26 October 2015, the government announced legislation reducing the rate of Corporate Income Tax. This reduction is to take effect in two stages from 1 April 2017 (19%) and then from 1 April 2020 (17%). Deferred tax balances reflect these rates. The above changes to the rate of corporation tax will impact the amount of future cash payments to be made by the Company.

14. Intangible assets

	Goodwill £000	Total £000
Cost		
At 1 January 2018	3,418	3,418
At 31 December 2018	3,418	3,418
Amortisation		
At 1 January 2018	2,099	2,099
Charge for the year	200	200
At 31 December 2018	2,299	2,299
Net book value		
At 31 December 2018	1,119	1,119
At 31 December 2017	1,319	1,319

The goodwill arose on the acquisition of the distribution business (the customer list) of fellow group companies. The goodwill is being amortised over its expected useful economic life.

Notes to the financial statements

For the year ended 31 December 2018

15. Tangible fixed assets

	Leasehold improvements £000	Plant, machinery and equipment £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 January 2018	494	3,037	93	3,624
Additions	-	161	-	161
Disposals	-	(324)	-	(324)
At 31 December 2018	494	2,874	93	3,461
Depreciation				
At 1 January 2018	277	2,455	93	2,825
Charge for the year on owned assets	48	245	-	293
Disposals	-	(210)	-	(210)
At 31 December 2018	325	2,490	93	2,908
Net book value				
At 31 December 2018	169	384	-	553
At 31 December 2017	217	582	-	799

During 2018, tangible fixed assets with a net book value of £114,000 were disposed of. The assets had a cost of £324,000 and accumulated depreciation and impairment of £210,000. The net loss on the disposal of these tangible fixed assets was £114,000.

Notes to the financial statements

For the year ended 31 December 2018

16. Debtors

	2018 £000	2017 £000
Trade debtors	2,350	2,705
Amounts owed by group undertakings (i)	1,838	382
Loan to group undertaking (ii)	3,759	751
Other debtors	4	39
Prepayments and accrued income	58	78
Deferred taxation	468	319
	8,477	4,274

(i) The amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. They are non-interest bearing balances.

(ii) The loan to the group undertaking is unsecured, interest bearing at a variable market rate plus 3 basis points and repayable on demand.

17. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	189	188
Amounts owed to group undertakings	2,630	1,582
Taxation and social security	530	575
Accruals and deferred income	1,061	1,071
	4,410	3,416

The amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. All balances are non-interest bearing in 2018 and 2017.

Notes to the financial statements
For the year ended 31 December 2018

18. Deferred taxation asset

	2018 £000
At beginning of year	319
Credited to Statement of comprehensive income	149
At end of year	468

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Timing differences on assets	468	319
	468	319

19. Share capital

	2018 £000	2017 £000
Authorised, allotted, called up and fully paid		
10,000 (2017 -10,000) Ordinary shares of £1.00	10	10

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Capital contribution
The capital contribution arises through awards made under the parent Company's equity-settled share based compensation schemes for employees (see note 11).

Share premium
Share premium represents amounts received on the issue of share capital in excess of the nominal value of the shares issued.

Retained earnings
Retained earnings represents accumulated comprehensive income for the year and prior periods less dividends paid.

Dividends
No dividends were paid in 2018 or in the prior year.

Notes to the financial statements

For the year ended 31 December 2018

20. Post-employment benefits

The Company operates a defined contribution pension scheme for the benefit of employees. The assets of the scheme are administered by trustees in a fund independent from the assets of the Company. The charge to the Statement of comprehensive income account in the financial year was £95,814 (2017: £102,760), of which £14,162 (2017: £18,106) was payable at year end.

21. Capital and other commitments

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2018 £000	Land and buildings 2017 £000	**Equipment and motor vehicles 2018 £000**	Equipment and motor vehicles 2017 £000
Payments due:				
Not later than one year	**79**	107	**81**	144
Later than one year and not later than five years	**25**	118	**73**	147
Total	**104**	225	**154**	291

22. Related party transactions

The Company has availed of the exemption contained in FRS 102 Paragraph 33.1A "Related Party Disclosures" in respect of subsidiary undertakings, which are wholly owned within a group. Consequently, the financial statements do not contain disclosure of transactions with entities wholly owned in the Abbott Laboratories group.

23. Controlling party

The Company's immediate parent undertaking is Alere UK Holdings Limited, a Company incorporated in the UK.

The ultimate parent undertaking is Abbott Laboratories, a Company incorporated in the USA.

Abbott Laboratories is the parent undertaking of the largest and smallest group of undertaking to consolidate the financial statements of Alere Limited at 31 December 2018. The consolidated financial statements of Abbott Laboratories are available from Abbott Laboratories, 100 Abbott Park Road, Abbott Park, Illinois 60064-3500, USA.

24. Events since the balance sheet date

Abbott have formed a Brexit team to review and implement solutions to potential Brexit issues to minimise customer impacts following Brexit.

There have been no other significant events impacting the Company since the balance sheet date.