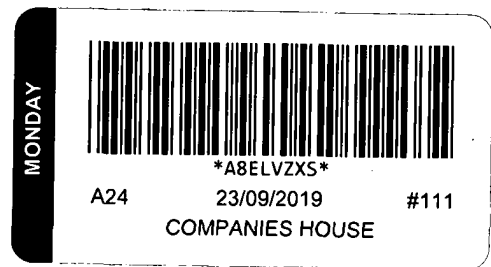


Company Registration No. 02427295 (England and Wales)

Launch Diagnostics Limited

**Annual report and financial statements
for the year ended 31 December 2018**



Launch Diagnostics Limited

Company information

| | |
|----------------------------|---|
| Director | John Twycross |
| Secretary | Blandy Services Limited |
| Company number | 02427295 |
| Registered office | 1 Friar Street Reading Berkshire RG1 1DA |
| Independent auditor | Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE |

Launch Diagnostics Limited

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The director presents the strategic report for the year ended 31 December 2018.

Fair review of the business

Details of the company's performance for the financial year are set out in detail on page 8.

The director is satisfied with the results for the year. The company has recorded an increase in revenue of 7.1% which was in line with management expectations. This improvement reflects the strength of the company's existing customer and supplier relationships as well as the ability to identify opportunities to expand its product portfolio.

The company balance sheet on page 9 of the financial statements shows the company's strong net asset position of £9,528,032 at the year end.

Principal risks and uncertainties

The director and management team continually monitor the key risks facing the company together with assessing the controls used for managing these risks.

The principal risks and uncertainties facing the company are as follows;

Customer relationships - The company sells goods and services to the NHS. This government department, like many others, is under extreme financial pressure and subject to budget cuts. Whilst it remains a stable business environment to operate in, a large portion of the company's income is reliant on NHS business. There is, however, no notable reduction in trade with NHS bodies, nor is there any such reduction forecast in coming years.

Supplier relationships - As a distribution company, the relationship with its manufacturing partners is a key factor for continued success. Expiry of these agreements without renewal is a risk as is the acquisition of the manufacturer.

Product portfolio - The company acknowledges that the diagnostic reagent and instrumentation market is rapidly evolving through scientific and technological advances. It is key for the company to adapt to these changes in the market. The company seeks to provide a market leading service to customers by partnering with key suppliers, using the latest technologies and innovative emerging products.

Foreign trade - Trading with overseas suppliers and customers has exposed the company to the risk of adverse movements in foreign currency, impacting profit. The company mitigates this risk by close control and management of the cash and currency positions.

Key personnel - A potential risk is the loss of key personnel in the company. Management seeks to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

Launch Diagnostics Limited

Strategic report (continued)

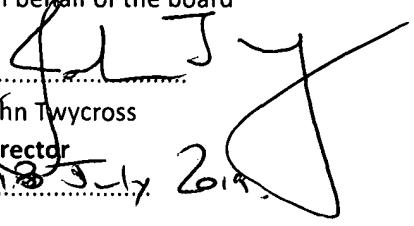
For the year ended 31 December 2018

Key performance indicators

The company manages its business using the following indicators:-

- Sales - Forecasts and individual sales representative targets are set immediately prior to a new financial year
- Gross Margin - Target of 40%
- Margin on individual reagent rentals - Target of 50%

On behalf of the board


.....
John Twycross
Director

.....
18 July 2019

Launch Diagnostics Limited

Director's report

For the year ended 31 December 2018

The director presents his report and financial statements for the year ended 31 December 2018.

Principal activities

The company's principal activity is to provide diagnostic reagents and hospital laboratory instrumentation to the National Health Service of the UK.

The company acts as a full service distributor offering comprehensive support for both diagnostic reagents and instruments. In the UK, the company is the largest independent distributor and the strategy is to widen the gap between itself and its nearest rival.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

John Twycross

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £457,000 (2017: £525,000).

Auditor

Saffery Champness LLP have expressed their willingness to remain in office as auditors of the company.

Launch Diagnostics Limited

Director's report (continued)

For the year ended 31 December 2018

Statement of director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

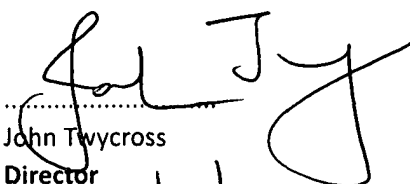
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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 have reviewed the company's financial position at the balance sheet date and for the period ending on the anniversary of the date of approval of these financial statements. They have considered liquidity risk, key assumptions and uncertainties. As a result of this assessment, the directors have adopted the going concern basis of accounting for the preparation of these financial statements.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


.....
John Twycross
Director
Date: 18/7/19

Launch Diagnostics Limited

Independent auditor's report

To the members of Launch Diagnostics Limited

Opinion

We have audited the financial statements of Launch Diagnostics Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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. 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

Launch Diagnostics Limited

Independent auditor's report (continued)

To the members of Launch Diagnostics Limited

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this 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 our audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 and the director's report.

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Launch Diagnostics Limited

Independent auditor's report (continued)
To the members of Launch Diagnostics Limited

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: <http://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 him 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.



Roger Weston (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

18 July 2019.

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Launch Diagnostics Limited

**Statement of comprehensive income
For the year ended 31 December 2018**

| | | 2018 | 2017 |
|--|--------------|-----------------------|-----------------------|
| | Notes | £ | £ |
| Turnover | 3 | 16,615,563 | 15,510,410 |
| Cost of sales | | (10,438,009) | (9,571,757) |
| Gross profit | | <u>6,177,554</u> | <u>5,938,653</u> |
| Administrative expenses | | (5,309,591) | (4,868,406) |
| Other operating income | | 37,519 | 28,346 |
| Operating profit | 8 | <u>905,482</u> | <u>1,098,593</u> |
| Interest receivable and similar income | 6 | 27,818 | 26,256 |
| Interest payable and similar expenses | 7 | (7) | (2) |
| Profit before taxation | | <u>933,293</u> | <u>1,124,847</u> |
| Tax on profit | 9 | (187,097) | (227,020) |
| Profit for the financial year | | <u><u>746,196</u></u> | <u><u>897,827</u></u> |

The Profit and loss account has been prepared on the basis that all operations are continuing operations.

Launch Diagnostics Limited

Balance sheet
As at 31 December 2018

| | Notes | £ | 2018 £ | £ | 2017 £ |
|--|-------|-------------|-------------------|-------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | 1,156,801 | | 1,018,197 |
| Current assets | | | | | |
| Stocks | 12 | 1,513,250 | | 1,220,406 | |
| Debtors | 13 | 6,416,958 | | 6,203,480 | |
| Cash at bank and in hand | | 4,645,334 | | 4,587,297 | |
| | | | <u>12,575,542</u> | <u>12,011,183</u> | |
| Creditors: amounts falling due within one year | 15 | (3,905,111) | | (3,619,304) | |
| Net current assets | | | <u>8,670,431</u> | | <u>8,391,879</u> |
| Total assets less current liabilities | | | <u>9,827,232</u> | | <u>9,410,076</u> |
| Creditors: amounts falling due after more than one year | 19 | | (262,081) | | (147,827) |
| Provisions for liabilities | 17 | | (37,119) | | (23,413) |
| Net assets | | | <u>9,528,032</u> | | <u>9,238,836</u> |
| Capital and reserves | | | | | |
| Called up share capital | 21 | | 1,000 | | 1,000 |
| Profit and loss reserves | | | 9,527,032 | | 9,237,836 |
| Total equity | | | <u>9,528,032</u> | | <u>9,238,836</u> |

The financial statements were approved and signed by the director and authorised for issue on18/7/19

.....
John Twycross
Director



Company Registration No. 02427295

Launch Diagnostics Limited

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

| | Share capital | Profit and loss reserves | Total |
|--|------------------|--------------------------------|-----------|
| Notes | £ | £ | £ |
| Balance at 1 January 2017 | 1,000 | 8,865,009 | 8,866,009 |
| Year ended 31 December 2017: | | | |
| Profit and total comprehensive income for the year | - | 897,827 | 897,827 |
| Dividends | - | (525,000) | (525,000) |
| Balance at 31 December 2017 | 1,000 | 9,237,836 | 9,238,836 |
| Year ended 31 December 2018: | | | |
| Profit and total comprehensive income for the year | - | 746,196 | 746,196 |
| Dividends | - | (457,000) | (457,000) |
| Balance at 31 December 2018 | 1,000 | 9,527,032 | 9,528,032 |

Launch Diagnostics Limited

Statement of cash flows

For the year ended 31 December 2018

| | Notes | £ | 2018 £ | £ | 2017 £ |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 25 | | 855,175 | | 132,997 |
| Interest paid | | | (7) | | (2) |
| Income taxes paid | | | (369,565) | | (1,407,667) |
| | | | <u> </u> | | <u> </u> |
| Net cash inflow/(outflow) from operating activities | | | 485,603 | | (1,274,672) |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (427,457) | | (30,580) | |
| Proceeds on disposal of tangible fixed assets | | 22,922 | | 19,138 | |
| Interest received | | 27,818 | | 26,256 | |
| | | <u> </u> | | <u> </u> | |
| Net cash (used in)/generated from investing activities | | | (376,717) | | 14,814 |
| Financing activities | | | | | |
| Payment of finance leases obligations | | 179,002 | | (248,229) | |
| Dividends paid | | (457,000) | | (525,000) | |
| | | <u> </u> | | <u> </u> | |
| Net cash used in financing activities | | | (277,998) | | (773,229) |
| | | | <u> </u> | | <u> </u> |
| Net decrease in cash and cash equivalents | | | (169,112) | | (2,033,087) |
| Cash and cash equivalents at beginning of year | | | 3,538,208 | | 5,571,295 |
| | | | <u> </u> | | <u> </u> |
| Cash and cash equivalents at end of year | | | 3,369,096 | | 3,538,208 |
| | | | <u> </u> | | <u> </u> |
| Relating to: | | | | | |
| Cash at bank and in hand | | | 4,645,334 | | 4,587,297 |
| Bank overdrafts included in creditors payable within one year | | | (1,276,238) | | (1,049,089) |
| | | | <u> </u> | | <u> </u> |

Launch Diagnostics Limited

Notes to the financial statements

For the year ended 31 December 2018

1 Accounting policies

Company information

Launch Diagnostics Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Friar Street, Reading, Berkshire, RG1 1DA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include, where applicable, the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts, and is wholly derived in the United Kingdom, Ireland and France. Turnover is recognised on an accruals basis.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|--------------------------------|---------------------------|
| Freehold buildings | over 50 years |
| Short term assets | 5 - 6 years straight line |
| Fixtures, fittings & equipment | 3 - 5 years straight line |

1 Accounting policies (continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

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

1 Accounting policies (continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

1 Accounting policies (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. This is in accordance with the requirements of FRS 19 - Deferred Tax.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1 Accounting policies (continued)

1.13 Leases

Leases are classified as hire purchases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under hire purchase agreements are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a hire purchase obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

| | 2018 | 2017 |
|---|------------|------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Turnover | 16,615,563 | 15,510,410 |

Launch Diagnostics Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

3 Turnover and other revenue (continued)

| | 2018 | 2017 |
|----------------------------------|--------|--------|
| | £ | £ |
| Other significant revenue | | |
| Interest income | 27,818 | 26,256 |

| | 2018 | 2017 |
|---|-------------------|-------------------|
| | £ | £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 14,968,431 | 14,286,191 |
| European, Union | 1,647,132 | 1,224,219 |
| | <u>16,615,563</u> | <u>15,510,410</u> |

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2018 | 2017 |
|--|--------|--------|
| | Number | Number |
| Production, marketing and administration | 49 | 49 |

Their aggregate remuneration comprised:

| | 2018 | 2017 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,021,441 | 2,618,720 |
| Social security costs | 313,562 | 276,888 |
| Pension costs | 99,404 | 106,586 |
| | <u>3,434,407</u> | <u>3,002,194</u> |

Launch Diagnostics Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

5 Director's remuneration

| | 2018 | 2017 |
|--------------------------------------|---------|---------|
| | £ | £ |
| Remuneration for qualifying services | 308,590 | 337,338 |

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2018 | 2017 |
|--------------------------------------|---------|---------|
| | £ | £ |
| Remuneration for qualifying services | 260,000 | 292,724 |

6 Interest receivable and similar income

| | 2018 | 2017 |
|---------------------------|--------|--------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 27,818 | 26,256 |

Investment income includes the following:

| | | |
|--|--------|--------|
| Interest on financial assets not measured at fair value through profit or loss | 27,818 | 26,256 |
|--|--------|--------|

7 Interest payable and similar expenses

| | 2018 | 2017 |
|--|------|------|
| | £ | £ |
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | 7 | 2 |

Hire purchase charges are included in cost of sales.

Launch Diagnostics Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

8 Operating profit

| | 2018 | 2017 |
|---|-------------------|-------------------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange (gains)/losses | (7,654) | 19,468 |
| Fees payable to the company's auditor for the audit of the company's financial statements | 25,600 | 25,600 |
| Depreciation of owned tangible fixed assets | 265,931 | 304,666 |
| Cost of stocks recognised as an expense | 9,646,262 | 8,775,116 |
| Operating lease charges | 201,699 | 212,119 |
| | <u> </u> | <u> </u> |

9 Taxation

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 173,391 | 219,565 |
| | <u> </u> | <u> </u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 13,706 | 7,455 |
| | <u> </u> | <u> </u> |
| Total tax charge | <u>187,097</u> | <u>227,020</u> |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | £ | £ |
| Profit before taxation | <u>933,293</u> | <u>1,124,847</u> |
| Expected tax charge based on a corporation tax rate of 19.00% | 177,326 | 216,533 |
| Tax effect of expenses that are not deductible in determining taxable profit | 8,037 | 4,511 |
| Permanent capital allowances in excess of depreciation | (11,972) | (1,479) |
| Deferred taxation | 13,706 | 7,455 |
| | <u> </u> | <u> </u> |
| Tax expense for the year | <u>187,097</u> | <u>227,020</u> |

10 Tangible fixed assets

| | Freehold buildings | Fixtures, fittings & equipment | Plant and machinery etc | Short-term assets | Total |
|------------------------------------|-----------------------|--------------------------------------|-------------------------------|----------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 January 2018 | 525,735 | 95,992 | 46,677 | 3,740,532 | 4,408,936 |
| Additions | - | 2,143 | - | 425,314 | 427,457 |
| Disposals | - | (50,868) | (848) | (449,169) | (500,885) |
| At 31 December 2018 | 525,735 | 47,267 | 45,829 | 3,716,677 | 4,335,508 |
| Depreciation and impairment | | | | | |
| At 1 January 2018 | 136,903 | 63,851 | 23,251 | 3,166,734 | 3,390,739 |
| Depreciation charged in the year | 14,794 | 23,369 | 9,303 | 218,465 | 265,931 |
| Eliminated in respect of disposals | - | (51,796) | (849) | (425,318) | (477,963) |
| At 31 December 2018 | 151,697 | 35,424 | 31,705 | 2,959,881 | 3,178,707 |
| Carrying amount | | | | | |
| At 31 December 2018 | 374,038 | 11,843 | 14,124 | 756,796 | 1,156,801 |
| At 31 December 2017 | 388,832 | 32,141 | 23,426 | 573,798 | 1,018,197 |

Short term assets include amounts in respect of assets held on hire purchase (and leased to customers) with a net book value of £737,030 (2017: £549,713). The depreciation charge for the year in relation to these amounted to £205,208 (2017: £214,113).

11 Financial instruments

| | 2018 | 2017 |
|---|-----------|-----------|
| | £ | £ |
| Carrying amount of financial assets | | |
| Debt instruments measured at amortised cost | 6,339,772 | 6,072,932 |
| Carrying amount of financial liabilities | | |
| Measured at amortised cost | 3,546,887 | 3,024,294 |

12 Stocks

| | 2018 | 2017 |
|-------------------------------------|-----------|-----------|
| | £ | £ |
| Finished goods and goods for resale | 1,513,250 | 1,220,406 |

Launch Diagnostics Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

13 Debtors

| | 2018 | 2017 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 2,250,535 | 2,109,504 |
| Amounts owed by group undertakings | 4,089,237 | 3,963,428 |
| Prepayments and accrued income | 77,186 | 130,548 |
| | <u>6,416,958</u> | <u>6,203,480</u> |

14 Bank Loans and Overdrafts

| | 2018 | 2017 |
|--------------------------|------------------|------------------|
| | £ | £ |
| Invoice finance facility | <u>1,276,238</u> | <u>1,049,089</u> |
| Payable within one year | <u>1,276,238</u> | <u>1,049,089</u> |

The liability due under the company invoice finance facility is secured against the book debt of the company as well as including a debenture over the other assets of the company.

15 Creditors: amounts falling due within one year

| | | 2018 | 2017 |
|---|-------|------------------|------------------|
| | Notes | £ | £ |
| Loans and overdrafts | 14 | 1,276,238 | 1,049,089 |
| Obligations under hire purchase contracts | 16 | 246,915 | 182,167 |
| Trade creditors | | 1,011,169 | 1,263,909 |
| Corporation tax payable | | 23,391 | 219,565 |
| Other taxation and social security | | 596,914 | 523,272 |
| Accruals and deferred income | | 750,484 | 381,302 |
| | | <u>3,905,111</u> | <u>3,619,304</u> |

Launch Diagnostics Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

16 Hire purchase obligations

| | 2018 | 2017 |
|---|----------------|----------------|
| | £ | £ |
| Future minimum lease payments due under hire purchase leases: | | |
| Within one year | 269,360 | 198,416 |
| In two to five years | 273,362 | 154,251 |
| | <u>542,722</u> | <u>352,667</u> |
| Less: future finance charges | (33,726) | (22,673) |
| | <u>508,996</u> | <u>329,994</u> |

Net obligations under hire purchase contracts are secured by fixed charges on the assets concerned.

17 Provisions for liabilities

| | Notes | 2018 | 2017 |
|--------------------------|--------------|---------------|---------------|
| | | £ | £ |
| Deferred tax liabilities | 18 | 37,119 | 23,413 |
| | | <u>37,119</u> | <u>23,413</u> |

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Liabilities | Liabilities |
|--|--------------------|--------------------|
| | 2018 | 2017 |
| | £ | £ |
| Balances: | | |
| Accelerated / (decelerated) capital allowances | 37,119 | 23,413 |
| | <u>37,119</u> | <u>23,413</u> |
| Movements in the year: | | 2018 |
| | | £ |
| Liability at 1 January 2018 | | 23,413 |
| Charge to profit or loss | | 13,706 |
| | | <u>37,119</u> |
| Liability at 31 December 2018 | | <u>37,119</u> |

Launch Diagnostics Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

18 Deferred taxation (continued)

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

19 Creditors: amounts falling due after more than one year

| | Notes | 2018 £ | 2017 £ |
|---|-------|-----------|-----------|
| Obligations under hire purchase contracts | 16 | 262,081 | 147,827 |

20 Retirement benefit schemes

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 99,404 | 106,586 |

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

21 Share capital

| | 2018 £ | 2017 £ |
|--|--------------|--------------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 920 Ordinary shares of £1 each of £1 each | 920 | 920 |
| 80 'A' Ordinary shares of £1 each of £1 each | 80 | 80 |
| | <u>1,000</u> | <u>1,000</u> |

The 'A' ordinary shares do not entitle the holders to receive notice of or attend or vote at any general meeting.

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2018 | 2017 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Within one year | 170,324 | 109,843 |
| Between two and five years | 259,105 | 87,370 |
| | <u>429,429</u> | <u>197,213</u> |

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

| | 2018 | 2017 |
|------------------------|----------------|----------------|
| | £ | £ |
| Aggregate compensation | <u>426,281</u> | <u>411,969</u> |

Certain senior employees, who are not directors, who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel.

24 Controlling party

The immediate parent company is Launch Diagnostics Holdings Limited. The ultimate controlling party is J Twycross by virtue of his 100% shareholding in Launch Diagnostics Holdings Limited.

Launch Diagnostics Holdings Limited prepares consolidated financial statements and these are publicly available at Companies House.

Launch Diagnostics Limited

Notes to the financial statements (continued)
For the year ended 31 December 2018

25 Cash generated from operations

| | 2018 | 2017 |
|--|----------------|----------------|
| | £ | £ |
| Profit for the year after tax | 746,196 | 897,827 |
| Adjustments for: | | |
| Taxation charged | 187,097 | 227,020 |
| Finance costs | 7 | 2 |
| Investment income | (27,818) | (26,256) |
| Depreciation and impairment of tangible fixed assets | 265,931 | 304,666 |
| Movements in working capital: | | |
| (Increase)/decrease in stocks | (292,844) | 100,838 |
| (Increase) in debtors | (213,478) | (1,309,904) |
| Increase/(decrease) in creditors | 190,084 | (61,196) |
| Cash generated from operations | <u>855,175</u> | <u>132,997</u> |