

Company Registration No. 02427295 (England and Wales)

Launch Diagnostics Limited

**Annual report and financial statements
for the year ended 31 December 2016**

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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 auditors	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 2016.

Fair review of the business

Details of the company's performance for the financial year are set out in detail on page 7.

The director is satisfied with the results for the year. The company has recorded an increase in revenue of 14.95% which was in line with management expectations.

During the year, the company successfully concluded an arbitration case and were awarded a gross sum of £6,771,553. This has been presented as exceptional income in the financial statements and has resulted in a significant increase in the reported profit for the financial year.

The company balance sheet on page 9 of the financial statements shows the company improved net asset position at the year end, with a recorded increase in net assets of £5,249,218.

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 the 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. In practice the company has been minimally affected by both situations, this being testament to the company's performance as a key distribution partner.

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)

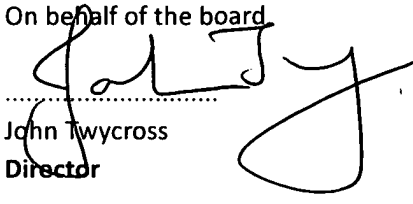
For the year ended 31 December 2016

Key performance indicators

The company manages its business using the following indicators:-

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

On behalf of the board


.....
John Twycross
Director

.....
19/9/17

Launch Diagnostics Limited

Director's report

For the year ended 31 December 2016

The director presents his report and financial statements for the year ended 31 December 2016.

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 7.

Ordinary dividends were paid amounting to £360,200 (2015: £300,000). The director recommends payment of a final dividend of £nil (2015: £200,000).

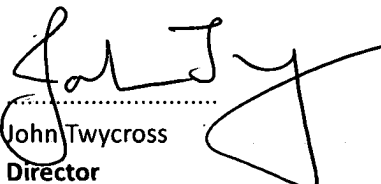
Auditors

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

Statement of disclosure to auditors

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 auditors are 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 auditors are aware of that information.

On behalf of the board


John Twycross
Director

19/12/17

Launch Diagnostics Limited

Director's responsibilities statement For the year ended 31 December 2016

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.

Launch Diagnostics Limited

Independent auditors' report

To the members of Launch Diagnostics Limited

We have audited the financial statements of Launch Diagnostics Limited for the year ended 31 December 2016 set out on pages 7 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors' 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.

Respective responsibilities of director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion 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.

Launch Diagnostics Limited

**Independent auditors' report (continued)
To the members of Launch Diagnostics Limited**

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

Saffery Champness LLP

John Shuffrey (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

19 September 2017

**Chartered Accountants
Statutory Auditors**

71 Queen Victoria Street
London
EC4V 4BE

Launch Diagnostics Limited

Profit and loss account

For the year ended 31 December 2016

	Notes	2016 £	2015 £
Turnover	3	13,064,633	11,365,435
Cost of sales		(7,673,520)	(6,033,804)
Gross profit		<u>5,391,113</u>	<u>5,331,631</u>
Administrative expenses			
Legal costs on arbitration case		(227,716)	(467,108)
Other administrative expenses		(4,905,884)	(4,363,073)
		<u>(5,133,600)</u>	<u>(4,830,181)</u>
Exceptional income	5	6,771,553	-
Operating profit	8	<u>7,029,066</u>	<u>501,450</u>
Interest receivable and similar income	9	407	65
Interest payable and similar expenses	10	(1,465)	(2,108)
Profit before taxation		<u>7,028,008</u>	<u>499,407</u>
Taxation	11	(1,418,590)	(107,847)
Profit for the financial year		<u><u>5,609,418</u></u>	<u><u>391,560</u></u>

Launch Diagnostics Limited

**Statement of comprehensive income
For the year ended 31 December 2016**

	2016	2015
	£	£
Profit for the year	5,609,418	391,560
Other comprehensive income	-	-
Total comprehensive income for the year	<u>5,609,418</u>	<u>391,560</u>

Launch Diagnostics Limited

Balance sheet

As at 31 December 2016

	Notes	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	12		1,082,567		1,128,839
Current assets					
Stocks	14	1,321,244		715,366	
Debtors	15	4,893,576		4,806,061	
Cash at bank and in hand		6,683,065		171,962	
			12,897,885	5,693,389	
Creditors: amounts falling due within one year	18	(4,952,610)		(2,946,167)	
Net current assets			7,945,275		2,747,222
Total assets less current liabilities			9,027,842		3,876,061
Creditors: amounts falling due after more than one year	19		(145,875)		(254,235)
Provisions for liabilities	20		(15,958)		(5,035)
Net assets			8,866,009		3,616,791
Capital and reserves					
Called up share capital	23		1,000		1,000
Profit and loss reserves			8,865,009		3,615,791
Total equity			8,866,009		3,616,791

The financial statements were approved and signed by the director and authorised for issue on 19/12/17

John Twycross
Director

Company Registration No. 02427295

Launch Diagnostics Limited

Statement of changes in equity
For the year ended 31 December 2016

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 January 2015	1,000	3,524,231	3,525,231
Year ended 31 December 2015:			
Profit and total comprehensive income for the year	-	391,560	391,560
Dividends	-	(300,000)	(300,000)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	1,000	3,615,791	3,616,791
Year ended 31 December 2016:			
Profit and total comprehensive income for the year	-	5,609,418	5,609,418
Dividends	-	(360,200)	(360,200)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	<u>1,000</u>	<u>8,865,009</u>	<u>8,866,009</u>

Launch Diagnostics Limited

Statement of cash flows

For the year ended 31 December 2016

	Notes	£	2016 £	£	2015 £
Cash flows from operating activities					
Cash generated from operations	27		7,014,304		755,319
Interest paid			(1,465)		(2,108)
Income taxes paid			(59,317)		(89,992)
Net cash inflow from operating activities			<u>6,953,522</u>		<u>663,219</u>
Investing activities					
Purchase of tangible fixed assets		(62,202)		(69,857)	
Proceeds on disposal of tangible fixed assets		-		1,057	
Interest received		407		65	
Net cash used in investing activities			<u>(61,795)</u>		<u>(68,735)</u>
Financing activities					
Repayment of bank loans		(79,750)		(14,839)	
Payment of finance leases obligations		(192,350)		(224,592)	
Dividends paid		(360,200)		(300,000)	
Net cash used in financing activities			<u>(632,300)</u>		<u>(539,431)</u>
Net increase in cash and cash equivalents			<u>6,259,427</u>		<u>55,053</u>
Cash and cash equivalents at beginning of year			(688,132)		(743,185)
Cash and cash equivalents at end of year			<u><u>5,571,295</u></u>		<u><u>(688,132)</u></u>
Relating to:					
Cash at bank and in hand			6,683,065		171,962
Bank overdrafts included in creditors payable within one year			<u>(1,111,770)</u>		<u>(860,094)</u>

Launch Diagnostics Limited

Notes to the financial statements For the year ended 31 December 2016

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 and cash equivalents 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.

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 direct issue 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

	2016	2015
	£	£
Turnover		
Turnover	13,064,633	11,365,435

Notes to the financial statements (continued)
For the year ended 31 December 2016

3 Turnover and other revenue (continued)

Other significant revenue

Interest income	407	65
	<u> </u>	<u> </u>

Turnover analysed by geographical market

	2016	2015
	£	£
United Kingdom	12,031,156	10,825,266
European Union	1,033,477	540,169
	<u>13,064,633</u>	<u>11,365,435</u>

4 Administration costs

Administrative expenses include legal costs of £227,716 (2015: £467,108) relating to an arbitration case heard before the Japanese Court of Arbitration. The costs have arisen from a legal dispute with a Japanese company that supplies the company.

5 Exceptional Income

	2016	2015
	£	£
Arbitration case award	6,771,553	-
	<u> </u>	<u> </u>

Exceptional income represents amounts received during the year as award from a successful arbitration case.

6 Employees

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

	2016	2015
	Number	Number
Production and sales	49	48
	<u> </u>	<u> </u>

Launch Diagnostics Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

6 Employees (continued)

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	2,548,070	2,328,787
Social security costs	276,751	271,769
Pension costs	103,194	77,471
	<u>2,928,015</u>	<u>2,678,027</u>

7 Director's remuneration

	2016	2015
	£	£
Remuneration for qualifying services	<u>301,228</u>	<u>383,153</u>

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

Remuneration for qualifying services	<u>301,228</u>	<u>383,153</u>
--------------------------------------	----------------	----------------

8 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	93,649	(91,998)
Fees payable to the company's auditors for the audit of the company's financial statements	18,600	17,750
Depreciation of owned tangible fixed assets	294,855	272,005
Cost of stocks recognised as an expense	6,825,497	5,412,078
Operating lease charges	<u>228,519</u>	<u>204,089</u>

9 Interest receivable and similar income

	2016	2015
	£	£
Interest income		
Interest on bank deposits	<u>407</u>	<u>65</u>

Launch Diagnostics Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

9 Interest receivable and similar income (continued)

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss

407	65
<u>407</u>	<u>65</u>

10 Interest payable and similar expenses

2016	2015
£	£

Interest on financial liabilities measured at amortised cost:

Interest on bank overdrafts and loans

1,465	2,108
<u>1,465</u>	<u>2,108</u>

Hire purchase charges are included in cost of sales.

11 Taxation

2016	2015
£	£

Current tax

UK corporation tax on profits for the current period

1,407,667	59,317
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Adjustments in respect of prior periods

-	(3,280)
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Total current tax

<u>1,407,667</u>	<u>56,037</u>
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Deferred tax

Origination and reversal of timing differences

10,923	51,810
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Total tax charge

<u>1,418,590</u>	<u>107,847</u>
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Notes to the financial statements (continued)

For the year ended 31 December 2016

11 Taxation (continued)

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:

	2016	2015
	£	£
Profit before taxation	7,028,008	499,407
Expected tax charge based on a corporation tax rate of 20.00%	1,405,602	99,881
Tax effect of expenses that are not deductible in determining taxable profit	9,333	9,366
Adjustments in respect of prior years	-	(3,280)
Permanent capital allowances in excess of depreciation	(7,398)	-
Depreciation on assets not qualifying for tax allowances	130	1,880
Deferred taxation	10,923	-
Tax expense for the year	1,418,590	107,847

Launch Diagnostics Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

12 Tangible fixed assets

	Freehold buildings	Fixtures, fittings & equipment	Plant and machinery etc	Short term assets	Total
	£	£	£	£	£
Cost					
At 1 January 2016	502,569	83,574	52,491	3,676,772	4,315,406
Additions	23,166	21,117	17,919	186,381	248,583
Disposals	-	(15,134)	(20,199)	(91,802)	(127,135)
At 31 December 2016	525,735	89,557	50,211	3,771,351	4,436,854
Depreciation and impairment					
At 1 January 2016	109,235	25,610	28,083	3,023,639	3,186,567
Depreciation charged in the year	12,874	30,120	11,166	240,695	294,855
Eliminated in respect of disposals	-	(15,134)	(20,199)	(91,802)	(127,135)
At 31 December 2016	122,109	40,596	19,050	3,172,532	3,354,287
Carrying amount					
At 31 December 2016	403,626	48,961	31,161	598,819	1,082,567
At 31 December 2015	393,334	82,372	24,409	653,133	1,128,839

Short term assets include amounts in respect of assets held on hire purchase (and leased to customers) with a net book value of £554,110 (2015: £521,846). The depreciation charge for the year in relation to these amounted to £194,166 (2015: £170,601).

13 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,772,439	4,686,023
Carrying amount of financial liabilities		
Measured at amortised cost	3,262,400	2,695,960

14 Stocks

	2016	2015
	£	£
Finished goods and goods for resale	1,321,244	715,366

Notes to the financial statements (continued)
For the year ended 31 December 2016

15 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	1,767,882	1,605,980
Amounts due from group undertakings	2,995,271	3,040,904
Other debtors	9,286	39,139
Prepayments and accrued income	121,137	120,038
	<u>4,893,576</u>	<u>4,806,061</u>

16 Net obligations under hire purchase contracts

	2016	2015
	£	£
Future minimum lease payments due under hire purchase contracts		
Within one year	223,701	187,604
In two to five years	153,181	202,784
	<u>376,882</u>	<u>390,388</u>
Less: future finance charges	(27,513)	(35,050)
	<u>349,369</u>	<u>355,338</u>
Included in liabilities falling due within one year	(203,494)	(163,912)
	<u>145,875</u>	<u>191,426</u>

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

17 Bank Loans and Overdrafts

	2016	2015
	£	£
Invoice finance facility	1,111,770	860,094
Bank loans	-	79,750
	<u>1,111,770</u>	<u>939,844</u>
Payable within one year	1,111,770	877,035
Payable after one year	-	62,809
	<u>1,111,770</u>	<u>939,844</u>

Launch Diagnostics Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

17 Bank Loans and Overdrafts (continued)

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.

18 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Loans and overdrafts	17	1,111,770	877,035
Obligations under hire purchase contracts	16	203,494	163,912
Trade creditors		1,461,599	1,103,450
Corporation tax payable		1,407,667	59,317
Other taxation and social security		428,418	445,125
Accruals and deferred income		339,662	297,328
		<u>4,952,610</u>	<u>2,946,167</u>

19 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Loans and overdrafts	17	-	62,809
Obligations under hire purchase contracts	16	145,875	191,426
		<u>145,875</u>	<u>254,235</u>

20 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	21	15,958	5,035
		<u>15,958</u>	<u>5,035</u>

Notes to the financial statements (continued)

For the year ended 31 December 2016

21 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 2016 £	Liabilities 2015 £
Balances:		
Accelerated / (decelerated) capital allowances	15,958	5,035
	<u> </u>	<u> </u>
Movements in the year:		2016 £
Liability at 1 January 2016		5,035
Charge to profit or loss		10,923
		<u> </u>
Liability at 31 December 2016		15,958
		<u> </u>

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.

22 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	103,194	77,471
	<u> </u>	<u> </u>

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.

Launch Diagnostics Limited

**Notes to the financial statements (continued)
For the year ended 31 December 2016**

23 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
920 Ordinary shares of £1 each	920	920
80 'A' Ordinary shares of £1 each	80	80
	<u>1,000</u>	<u>1,000</u>
	<u><u>1,000</u></u>	<u><u>1,000</u></u>

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

Launch Diagnostics Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

24 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:

	2016	2015
	£	£
Within one year	153,491	186,178
Between two and five years	126,728	182,424
	<u>280,219</u>	<u>368,602</u>

25 Related party transactions

Remuneration of key management personnel

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. Total remuneration in respect of these individuals is £381,037 (2015: £304,457).

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Recharged expenditure		Expenditure	
	2016	2015	2016	2015
	£	£	£	£
Other related parties	-	23,298	246,460	100,363
	<u>-</u>	<u>23,298</u>	<u>246,460</u>	<u>100,363</u>

The following amounts were outstanding at the reporting end date:

	2016	2015
	£	£
Amounts owed to related parties		
Other related parties	46,885	8,225
	<u>46,885</u>	<u>8,225</u>

Launch Diagnostics Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

26 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 publically available at Companies House.

27 Cash generated from operations

	2016	2015
	£	£
Profit for the year after tax	5,609,418	391,560
Adjustments for:		
Taxation charged	1,418,590	107,847
Finance costs	1,465	2,108
Investment income	(407)	(65)
Depreciation and impairment of tangible fixed assets	294,855	272,005
Movements in working capital:		
(Increase)/decrease in stocks	(605,878)	67,884
(Increase) in debtors	(87,515)	(159,544)
Increase in creditors	383,776	73,524
Cash generated from operations	<u>7,014,304</u>	<u>755,319</u>