

Canon Medical Systems Limited

Report and Financial Statements

31 March 2018

FRIDAY



L7KRITKA

LD2

14/12/2018

#6

COMPANIES HOUSE

Canon Medical Systems Limited

Directors

J M Hitchman
H Tachikawa (resigned 1st May 2017)
H Sato (resigned 1st May 2017)
M Holmshaw (appointed 1st May 2017)
N Hatakeyama (appointed 1st May 2017)

Secretary

H Tachikawa (resigned 1st May 2017)
M Holmshaw (appointed 1st May 2017)

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

NatWest Bank
151 High Street
Guildford
GU1 3AH

Solicitors

Laytons LLP
2 More London Riverside
London
SE1 2AP

Berwin Leighton Paisner
Adelaide House
London Bridge
London EC4R 9HA

Registered Office

Boundary Court
Gatwick Road
Crawley
West Sussex RH10 9AX
United Kingdom

Canon Medical Systems Limited

Registered No. 00983579

Strategic report

Principal activities and review of the business

The company supplies and maintains electrical, electronic and mechanical products and services in the medical field. The company purchases goods primarily from its immediate parent company, Canon Medical Systems Europe B.V. in Holland, who in turn purchase goods primarily from Canon Medical Systems Corporation, Japan.

Principal risks and uncertainties

The medical imaging market continues to be competitive, with significant pressure on the sales price. In addition, there is an expectation from customers of a value added selling proposition and a reduction in whole life costs. The company's main customer continues to be the National Health Service (NHS).

These factors put increasing pressure on margin and turnover growth. However, the company relies on its historic success, on the strong levels of R&D from its parent company, new products being brought to market, high levels of market share and the brand of its new ultimate parent, Canon Inc.

Review of the business

The results and financial position of the company shown in these financial statements are in line with the expectations of the Board.

This shows a 22% increase in turnover to £65,799,000 (2017 – £54,098,000). The net profit before tax amounted to £1,009,000 compared to a profit of £1,046,000 in the previous year.

The company aims to continue the development of the products in its market sector in order to build the strength of the brand and achieve sustainable gains in market share.

The directors consider the state of affairs of the company to be satisfactory and that the level of activity will be maintained.

The company measures its financial performance by reference to profitability, revenue and market share. Operating profit is set out in the Income statement on page 10

The main market in which the company operates is being impacted by the current state of the NHS and other economic factors, notably uncertainty of Brexit. Competition is fierce and life cycle costs remain a prominent customer procurement criteria.

Strategic report (continued)

Key financial performance indicators

The table set below show the key performance indicators ("KPI's") which the management of the Company is using to manage its business.

	2018	2017
	£000	£000
Turnover	65,799	54,098
Gross Profit	23,999	19,955
Gross Profit Percentage	36.5%	36.9%
Expenses	21,355	19,557
Expenses as a % of turnover	32.5%	36.2%
Net Assets	5,636	5,833
Accounts Receivable	18,351	21,840

Financial impact of defined benefit pension fund

The company operates a defined benefit pension fund and, as with many other funds in the UK in recent years, the fund is in deficit. This is reflected directly on the Company's balance sheet and must be appropriately funded. The employer and Trustees work with their advisors to balance the risk of volatility in, and adequacy of, returns from the fund assets and to ensure that adequate contributions are made to minimise the deficit.

Legislative Risks

Medical equipment must be supplied in compliance with various standards and regulations. These standards are subject to continuous revision and any change may have a material impact on profitability. The Company is also bound by other EU and national laws, for example data protection and employment law. In addition, compliance imposes costs and failure to comply could affect the company's ability to operate.

Foreign Currency risk

The company purchases substantially all of its products from Canon Medical Systems Europe BV in Sterling, so is not subject to fluctuation in foreign currency exchange rates. However, a small number of purchases may take place in the year in Euros which would be subject to an exchange rate fluctuation. As this is minimal the company does not perceive there to be a material exposure to a foreign exchange risk.

Interest rate risk

The company finances its operations through loans from group companies. The company borrows in sterling at floating rates of interest and does not hedge its interest rate risk.

Strategic report (continued)

Principal risks and uncertainties (continued)

Liquidity risk

The company requires borrowing throughout the year from Group Companies, and from external sources in the form of group lending and overdrafts only at certain times of the year to meet short-term liquidity needs.

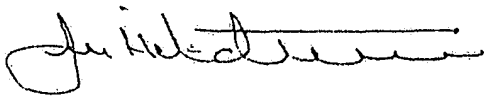
Credit risk

The company is exposed to a degree of credit risk through its normal business activity with its customers, however the company's most significant customer is the NHS, whose credit risk is deemed to be negligible.

Mitigation of risk

The company mitigates credit risks through continuous assessment and evaluation of the credit worthiness of its customers. Commercial risk is managed through regular assessment of the growth and decline of the market it operates in. The company is confident that these actions enable the company to react quickly to changes in its competitive and economic environment to ensure the future health of the company.

On behalf of the Board



Director

Jonathan Mark Hitchman

13th December 2018

Registered No. 00983579 Canon Medical Systems Limited

Directors' report

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

Results and dividends

The profit for the year after taxation amounted to £641,000 (2017 – profit of £696,000). The directors paid an interim dividend of £508,000 (2017 – £Nil). The directors recommend a final dividend of £Nil (2017 – £Nil).

The results and financial position of the company shown in these financial statements are in line with the expectations of the Board.

Principal activities and review of the business

The company supplies and maintains electrical, electronic and mechanical products and services in the medical field.

The results for the year are set out in the income statement on page 10. This shows a 22% increase in turnover to £65,799,000 (2017 – £54,098,000).

The company aims to continue the development of the products in its market sector in order to build the strength of the Canon Medical brand and achieve sustainable gains in market share.

The directors consider the state of affairs of the company to be satisfactory and that the level of activity will be maintained.

Name change

Following the successful clearance by the competition regulatory authorities, Canon Inc. finalised the purchase of Toshiba Medical Systems Corporation (TMSC) on 19th December 2016. On 4th January 2018, the Company, its immediate parent and TMSC changed their names to Canon Medical Systems Ltd, Canon Medical Systems Europe BV and Canon Medical Systems Corporation, respectively. As at 31st March 2018, the ultimate parent company of CMSC was Canon Inc.

Going concern

The Directors consider that no material uncertainty exists which may cast significant doubt about the ability of the company to continue as a going concern and therefore have satisfied themselves through a detailed review that the financial statements for the year ended 31 March 2018 should be prepared on a going concern basis.

Directors

The directors who served the company during the year and subsequent to the year end were as follows:

J M Hitchman
H Tachikawa (resigned 1st May 2017)
H Sato (resigned 1st May 2017)
M Holmshaw (appointed 1st May 2017)
N Hatakeyama (appointed 1st May 2017)

Charitable contributions

As part of the company's commitment to the communities in which it operates, contributions totalling £730 were made during the year to a number of small charities in the healthcare sector.

Directors' report (continued)

Disclosure of information to the 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, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Director

Jonathan Mark Hitchman

13th December 2018

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report

to the members of Canon Medical Systems Limited

We have audited the financial statements of Canon Medical Systems Limited for the year ended 31 March 2018 which comprise the income statement, the statement of other comprehensive income, the statement of changes in equity, the balance sheet and the related notes 1 to 23, 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 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 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.

Other information

The other information comprises the information included in the annual report, 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

Independent auditor's report (continued)

to the members of Canon Medical Systems Limited

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5 and 6, 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

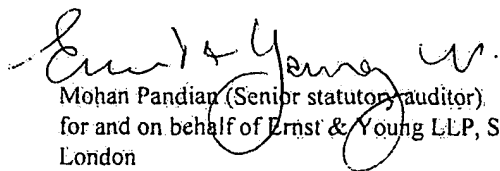
Independent auditor's report (continued)

to the members of Canon Medical Systems Limited

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.



Mohan Pandian (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
13th December 2018

Income statement

for the year ended 31 March 2018

		2018	2017
	Notes	£000	£000
Turnover	3	65,799	54,098
Cost of sales		(41,800)	(34,143)
Gross profit		23,999	19,955
Distribution costs		(15,414)	(14,845)
Administrative expenses		(5,941)	(4,712)
Operating profit	4	2,644	398
Interest receivable and similar income	7	(1,522)	720
Other finance cost – pension	17	(113)	(72)
Profit on ordinary activities before taxation		1,009	1,046
Tax on profit on ordinary activities	8	(368)	(350)
Profit for the financial year		641	696

Statement of comprehensive income

for the year ended 31 March 2018

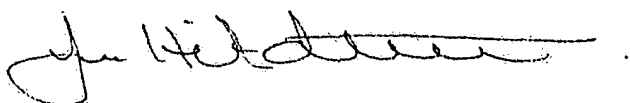
		2018	2017
	Notes	£000	£000
Profit for the financial year		641	696
Other comprehensive income:			
Items that cannot be reclassified to profit or loss:			
Remeasurement (losses)/gains on defined benefit pension plan	17	(397)	(2,858)
Tax on remeasurement (losses)/gains on defined benefit pension plan	8	67	485
Other comprehensive income/(losses) for the year, net of tax		(330)	(2,373)
Total comprehensive income/(losses) for the year		311	(1,677)

Balance sheet

at 31 March 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Intangible assets	10	665	744
Tangible assets	11	1,682	1,372
Financial assets	12	-	4,883
		<u>2,347</u>	<u>6,999</u>
Current assets			
Stocks	13	3,234	1,572
Debtors	14	31,807	25,219
Cash at bank and in hand		<u>1,159</u>	<u>511</u>
		36,200	27,302
Creditors: amounts falling due within one year	15	<u>(23,535)</u>	<u>(22,114)</u>
Net current assets		<u>12,665</u>	<u>5,188</u>
Total assets less current liabilities		15,012	12,187
Creditors: amounts falling due after more than one year	16	(3,101)	(1,466)
Pensions and similar obligations	17	<u>(6,275)</u>	<u>(4,888)</u>
Net assets		<u>5,636</u>	<u>5,833</u>
Capital and reserves			
Called up share capital	18	2,130	2,130
Other reserves	19	1,636	1,636
Profit and loss account	19	<u>1,870</u>	<u>2,067</u>
Shareholders' funds		<u>5,636</u>	<u>5,833</u>

The financial statements were approved by the board of directors and authorised for issue on
13th December 2018



Director

Jonathan Mark Hitchman

13th December 2018

Statement of changes in equity

at 31 March 2018

	<i>Called up share capital</i>	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
As at 1 April 2016	2,130	1,636	3,744	7,510
Profit for the year	-	-	696	696
Other comprehensive loss	-	-	(2,373)	(2,373)
Total comprehensive income	2,130	1,636	2,067	5,833
Equity dividends paid (Note 9)	-	-	-	-
As at 1 April 2017	2,130	1,636	2,067	5,833
Profit for the year	-	-	641	641
Other comprehensive loss	-	-	(330)	(330)
Total comprehensive income	2,130	1,636	2,378	6,144
Equity dividends paid (Note 9)	-	-	(508)	(508)
At 31 March 2018	2,130	1,636	1,870	5,636

Notes to the financial statements

at 31 March 2018

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Canon Medical Systems Limited (the "Company" or "Canon") for the year ended 31 March 2018 were authorised for issue by the board of directors on 13th December 2018 and the balance sheet was signed on the board's behalf by Jonathan Mark Hitchman. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

Canon is incorporated and domiciled in England and Wales. The registered office of the company is Boundary Court, Gatwick Road, Crawley, West Sussex RH10 9AX.

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pound (£000) except when otherwise indicated. The Company's financial statements are individual entity financial statements.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2018.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 *Financial Instruments: Disclosures*,
- (b) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*,
- (c) the requirements of IAS 7 *Statement of Cash Flows*;
- (d) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- (e) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (f) the requirements of paragraphs 10(d), 10 (f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*; and
- (g) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(c) of IAS 16 *Property, Plant and Equipment*; and
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*.

2.2 Going concern

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors. On the basis of their assessment of the company's financial position the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the financial statements

As at 31 March 2018

2. Accounting policies (continued)

2.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Lease commitments

The Company has entered into sale and lease back transactions, and as a lessee it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

Pension and other post employment benefits

The cost of defined benefit pensions plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 17.

2.4 Significant accounting policies

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

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.

Service contract arrangements

Revenue from the servicing of contractual arrangements is recognised when the services are provided, with this income generally being recognised on a straight line basis.

Notes to the financial statements

As at 31 March 2018

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Turnover (continued)

Lease income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

Service Concession Arrangements under IFRIC Interpretation 12

Revenue from the Service Concession Arrangements is recognised as a financial asset that is recovered through payments received from the grantor.

Deferred income

Deferred income is the unrecognised portion of service contracts which is released to revenue over the period of the contract.

Intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

The cost of intangible assets is the amount that the Company has paid or, where there has been an acquisition of a business, the fair value of the specific intangible assets that could be sold separately or which arise from legal rights. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life as follows;

Customer relationships – 10 years

Intangibles are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Tangible fixed assets

Plant and equipment are stated at cost less accumulated depreciation. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Notes to the financial statements

As at 31 March 2018

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Tangible fixed assets (continued)

Depreciation is provided on all plant and equipment, on a straight-line basis over its expected useful life as follows:

Motor vehicles	–	3 years
Plant	–	5 years
Furniture, fixtures, fittings and office machines	–	5 years
Computer equipment and software applications	–	3-5 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the income statement in the period of derecognition.

Stocks

All stocks are stated at the lower of cost and net realisable value. Where necessary an appropriate provision is made to achieve this. Cost includes all costs incurred in bringing each product to its present location and condition. Finished goods includes the cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

The company's financial statements are presented in Sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the financial statements

As at 31 March 2018

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Operating leases

Company as a lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable, including the effect of lease incentives, are charged in the income statement on a straight line basis over the lease term.

Company as a lessor

Assets leased out under operating leases are included in plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Finance Leases

Company as a lessee

Leases where the Company assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as fixed assets and amounts due to creditors respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments. The assets are depreciated over the shorter of their useful lives and the remaining lease term. Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Pensions

The company operates a defined benefit pension scheme with assets held in a trustee-administered fund. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. An independent actuary normally conducts a valuation of the defined benefit pension scheme every three years.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

Notes to the financial statements

As at 31 March 2018

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Pensions (continued)

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Financial Assets

Initial Recognition and measurement

Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* ('IAS 39') are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Company's financial assets include only loans and receivables, consisting of cash and bank balances and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement.

Notes to the financial statements

As at 31 March 2018

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Financial Assets (continued)

This category applies to the Company's trade and other receivables. For more information on trade and other receivables, refer to note 14.

Trade debtors generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Intercompany loan receivables in the form of cash sweeping arrangements are executed with the parent entity, bear interest and have 60 day settlement terms. Intercompany loan receivables are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. The loan receivables bear interest at market rates.

Cash at bank and in hand

Cash at bank and in hand in the balance sheet comprise cash held in current bank accounts on a short term and highly liquid basis, and cash in hand. Cash at bank and in hand are recognised and carried at fair value.

Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or as other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Other financial liabilities

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Other financial liabilities include trade payables and intercompany loans, which are executed on a short-term basis.

Trade payables generally have 30 day settlement terms, and are recognised and carried at their original invoiced value.

Notes to the financial statements

As at 31 March 2018

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Financial Liabilities (continued)

Intercompany loans are executed with the parent entity, bear interest and have 60 day settlement terms. Intercompany loans are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. The loans bear interest at market rates.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. Turnover

Turnover is recognised from the sale and service of electrical, electronic and mechanical products in the medical field. Turnover arises wholly in the United Kingdom and is outlined as follows:

	2018 £000	2017 £000
Sale of goods	35,165	24,417
Servicing contractual arrangements	21,814	20,333
Managed equipment services/Solutions	8,820	9,348
	<u>65,799</u>	<u>54,098</u>

4. Operating profit

This is stated after charging:

	2018 £000	2017 £000
Auditor's remuneration – audit fees	75	51
– non-audit fees – taxation	8	6
– other	-	7
Gain on disposal of fixed assets	-	-
Depreciation of plant and equipment	380	492
Amortisation of Intangibles	79	46
Foreign currency exchange differences	-	-
Operating lease rentals – plant and machinery	1,712	1,700
– land and buildings	245	222

Notes to the financial statements

As at 31 March 2018

5. Directors' remuneration

	2018 £000	2017 £000
Directors' remuneration	211	225
Amounts receivable under long term incentive plans	-	-
<i>Number of directors accruing benefits under:</i>		
Defined benefit schemes	2	1
<i>In respect of the highest paid director:</i>		
Aggregate remuneration	211	225

6. Staff costs

	2018 £000	2017 £000
Wages and salaries	8,791	8,346
Social security costs	1,223	1,219
Other pension costs (refer to note 17)	1,300	1,251
	<u>11,314</u>	<u>10,816</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Sales, distribution and service	120	119
Administration	18	18
	<u>138</u>	<u>137</u>

7. Interest receivable and similar income

	2018 £000	2017 £000
Bank deposits (payable)/receivable	(2)	3
Interest (payable)/receivable from Financial Assets	(1,520)	717
Receivable from group undertakings	-	-
	<u>(1,522)</u>	<u>720</u>

Notes to the financial statements

As at 31 March 2018

8. Taxation

(a) Tax charged in the income statement

The tax charge is made up as follows:

	2018 £000	2017 £000
Current income tax:		
UK corporation tax on the profit for the year	824	343
Under/(Over) provision in respect of prior years	9	217
Total current income tax	833	560
Deferred income tax:		
Origination and reversal of temporary differences	(466)	(86)
Under/(Over) provision in respect of prior years	1	-
Impact of change in tax laws and rates	-	(124)
Total deferred tax	(465)	(210)
Total tax expense in the income statement	368	350

(b) Tax relating to items charged or credited to other comprehensive income

The tax charge is made up as follows:

	2018 £000	2017 £000
Current income tax:		
Tax on defined benefit pension scheme	-	-
Total current income tax	-	-
Deferred income tax:		
Actuarial (losses)/gains on defined benefit pension plans	(67)	(485)
Impact of change in tax laws and rates	-	-
Total deferred tax	(67)	(485)
Total tax expense in the statement of other comprehensive income	(67)	(485)

Notes to the financial statements

As at 31 March 2018

8. Taxation (continued)

(c) Reconciliation of the total tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £000	2017 £000
Profit on continuing activities before tax	1,009	1,046
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	192	209
<i>Effects of:</i>		
Expenses not deductible for tax purposes	9	22
Other timing differences	-	-
Other	158	26
Under/(Over) provision in respect of prior years	9	93
Total tax for the year	368	350

(d) Unrecognised tax losses

The Company has no tax losses that are available indefinitely for offset against future taxable profits of the company.

(e) Change in the corporate tax rates

The UK corporation tax rate was reduced from 20% to 19% effective 1 April 2017 and from 1 April 2020 to 17%. Any deferred tax expected to reverse in the period to 31 March 2020 has been re-measured using the rates substantively enacted at 31 March 2018.

(f) Deferred taxation

The deferred tax included in the company balance sheet is as follows:

	2018 £000	2017 £000
Deferred tax asset		
Timing differences	598	301
Defined pension plan	1,067	831
Total deferred tax asset	1,665	1,132

Notes to the financial statements

As at 31 March 2018

9. Dividends

The following dividends were paid as follows:

	2018 £000	2017 £000
Interim dividend for 2018 23.8p per share (2017: Nil)	508	-
Total	<u>508</u>	<u>-</u>

10 Intangible assets

	Total £000
Cost and net book value	
At 01 April 2017	744
Amortisation	(79)
At 31 March 2018	<u>665</u>

On 5 September 2016, the Company acquired the trade, service contracts, fixed assets and inventory of Medical Imaging Northern Ireland Ltd. The acquisition offers a channel to sell medical imaging products in a new region. The fair value on acquisition of the acquired customer relationships amounting to £789,679 was identified and included in intangible assets.

Notes to the financial statements

As at 31 March 2018

11. Tangible fixed assets

	<i>Plant and motor vehicles</i>	<i>Fixtures, fittings and office equipment</i>	<i>Computer equipment and software applications</i>	<i>Leased assets</i>	<i>Assets held under Finance leases</i>	<i>Total</i>
	£000	£000	£000	£000	£000	£000
Cost:						
At 1 April 2017	748	969	573	935	-	3,225
Additions	51	21	87	212	586	957
Disposals	(24)	(20)	(47)	(504)	-	(595)
At 31 March 2018	775	970	613	643	586	3,587
Depreciation:						
At 1 April 2017	426	669	423	335	-	1,853
Charge for the year	115	59	98	88	20	380
Disposals	(21)	(10)	(46)	(251)	-	(328)
At 31 March 2018	520	718	475	172	20	1,905
Net book value:						
At 31 March 2018	255	252	138	471	566	1,682
At 31 March 2017	322	300	150	600	-	1,372

Leased assets are assets owned by the company and leased to customers under operating lease arrangements.

12. Financial Assets

	2018	2017
	£000	£000
Balance as at 31 March	4,883	4,357
Operations Revenue	2,402	4,482
Installation Revenue	676	2,069
Cash allocated	(6,441)	(6,742)
Interest earned	(1,520)	717
Balance as at 31 March	-	4,883

The company has accounted for a PFI contract under IFRIC 12: Service Concession arrangements and resultantly has derecognised Tangible Fixed Assets and reclassified them as Financial Assets. The PFI contract expired in Sept 2017 and was not renewed.

Notes to the financial statements

As at 31 March 2018

13. Stocks

Stocks represent finished goods held for resale and items used for demonstration purposes.

	2018	2017
	£000	£000
Finished goods	2,652	895
Spare parts	582	677
	<u>3,234</u>	<u>1,572</u>

14. Debtors

	2018	2017
	£000	£000
Trade debtors	18,351	21,840
Amounts owed by group undertakings	11,324	1,253
Prepayments and accrued income	467	994
Deferred tax assets	1,665	1,132
	<u>31,807</u>	<u>25,219</u>

Amounts owed by group undertakings are receivable on credit terms of 60 days and does not attract interest unless the amount remains outstanding after 60 days, in which interest is earned at market rates.

Deferred tax assets represent non-current debtors, which are to be settled in more than 12 months. Refer to Note 8 above. All other debtors are current, and are expected be received within 12 months.

15. Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	1,671	2,252
Finance lease liabilities	110	-
Amounts owed to group undertaking	10,476	4,791
Other creditors	-	-
Other taxes and social security costs	3,008	2,839
Corporation taxation	664	204
Accruals and deferred income	7,606	12,028
	<u>23,535</u>	<u>22,114</u>

Amounts owed to group undertakings are payable on credit terms of 60 days, and will attract interest at market rates if the amount remains unpaid after 60 days.

Notes to the financial statements

As at 31 March 2018

16. Creditors: amounts falling due after more than one year

	2018	2017
	£000	£000
Finance lease liabilities	458	-
Deferred income	2,643	1,466
	<u>3,101</u>	<u>1,466</u>

17. Pensions

Defined benefit plan

The company operates a defined benefit occupational pension scheme called the Toshiba Medical Systems Limited Retirement Benefits Scheme. The assets of the scheme are held separately from the assets of the company and are administered by the trustees and managed professionally.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The last valuation was carried out at 1st April 2017 by Barnett Waddingham, independent consulting actuaries.

The Employer pays 20.5% (2017 – 20.5%) of pensionable earnings in respect of the future accrual of benefits, the administration expenses and the deficit recovery contributions. The total contributions to the scheme in the next year are expected to be £1,331,000 for the Company (2017 – £1,361,000).

The company accounted for pension costs during the year under IAS19. The disclosures show a net deficit of £6,275,000 (2017 – deficit of £4,888,000).

The assets and liabilities of the scheme at 31 March are:

	2018	2017
	£000	£000
Scheme assets		
Equities	18,651	17,521
Diversified Growth Fund	8,659	7,684
Bonds	3,997	3,688
Gilts	1,665	1,537
Cash & Other assets	333	307
Fair value of scheme assets	<u>33,305</u>	<u>30,737</u>
Present value of scheme liabilities	<u>(39,580)</u>	<u>(35,625)</u>
Defined benefit pension plan deficit	<u>(6,275)</u>	<u>(4,888)</u>

Notes to the financial statements

As at 31 March 2018

17. Pensions (continued)

The pension scheme has not invested in any of the Company's own financial instruments nor in other assets used by the Company.

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

Recognised in the Income Statement

	2018	2017
	£000	£000
Current service cost	2,177	1,397
Past service costs	-	-
Recognised in arriving at operating profit	<u>2,177</u>	<u>1,397</u>

The net interest on the defined benefit liability was £113,000 (2017 £72,000).

Taken to the Statement of Comprehensive Income

	2018	2017
	£000	£000
Return on plan assets (excluding amounts included in net interest expense)	(377)	(4,284)
Experience losses on liabilities	(377)	(372)
Actuarial changes arising from changes in demographic assumptions	977	(667)
Actuarial changes arising from changes in financial assumptions	174	8,181
Recognised in the Statement of Comprehensive Income	<u>397</u>	<u>2,858</u>

Notes to the financial statements

As at 31 March 2018

17. Pensions (continued)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	2018	2017
	£000	£000
<i>Changes in the present value of the defined benefit obligations are analysed as follows:</i>		
At 1 April	35,625	25,964
Current service cost	2,177	1,397
Contributions by Scheme participants	377	365
Past service cost	-	-
Interest on benefit obligation	992	1,028
Benefits paid	(341)	(247)
Administration costs	(24)	(24)
Experience loss on liabilities	(377)	(372)
Actuarial (loss)/gain	1,151	7,514
At 31 March	39,580	35,625

Changes in the fair value of plan assets are analysed as follows:

At 1 April	30,737	24,152
Interest income on plan assets	879	956
Contributions by employer	1,300	1,251
Contributions by Scheme participants	377	365
Benefits paid	(341)	(247)
Administration costs	(24)	(24)
Actuarial (loss)/gain	377	4,284
At 31 March	33,305	30,737

Notes to the financial statements

As at 31 March 2018

17. Pensions (continued)

Pension contributions are determined with the advice of independent qualified actuaries, Barnett Waddingham, on the basis of annual valuations using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets. The most recently completed actuarial valuation of the Company's main retirement benefits schemes was carried out as at 1st April 2017.

The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rate of future pensionable salary increases and the level of pension increases.

	2018 £000	2017 £000
Total market value of assets	33,305	30,737
Present value of the scheme's liabilities	(39,580)	(35,625)
Deferred taxation at 17% (prior years – 17%)	1,067	831
Net deficit in the scheme	(5,208)	(4,057)
Assumptions	%	%
Discount rate	2.70	2.80
Rate of inflation – RPI	3.25	3.35
Rate of inflation – CPI	2.25	2.35
Salary growth	3.25	3.35
Rate of increase in pensions in deferment	2.25	2.35
Rate of increase in pensions in payment (LPI 5%)	3.10	3.20
Mortality tables	100% of S2PXA CMI 2017 model with 1.25% pa long-term rate	105% of S1PXA CMI 2016 model with 1% pa long-term rate
Mortality improvements	25% of pension	25% of pension
Cash commutation allowance		
Assumed life expectancies on retirement at 65		
Retiring today – Males	87.0	86.3
– Females	88.9	88.4
Retiring in 20 years – Males	88.3	87.4
– Females	90.4	89.7

Notes to the financial statements

As at 31 March 2018

17. Pensions (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Discount rate	Increase/decrease by 0.5%	£(4,170,000) / £4,870,000
Pension increases	Increase/decrease by 0.5%	£2,040,000 / £(1,850,000)
Rate of salary increases	Increase/decrease by 0.5%	£1,330,000 / £(1,240,000)

The total contributions to the defined benefit schemes in 2018 are expected to be £1,331,000 (2017: £1,361,000).

The Company has agreed the following funding objectives with trustees:

1. To return the ongoing funding level of the schemes to 100% of the projected past service liabilities within a period of 3 years measured in accordance with IAS 19;
2. Once the funding level of the schemes are 100% of the projected past service liabilities to maintain funding at least at this level; and
3. To meet the liabilities of the schemes in the event that the schemes are wound-up.

The levels of contributions are based on the current service costs and the expected future cash flows of the defined benefit schemes. The Company estimates the present value of the duration of UK scheme liabilities on average fall due over 23 years.

18. Called up share capital

Canon Medical Systems has 2,130,000 authorised shares at a value of £1 per share. The following table outlines the movement in shares issued and fully paid:

	<i>2018</i>		<i>2017</i>	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each at 1 April	2,130,000	2,130	2,130,000	2,130
Issued shares	-	-	-	-
Ordinary shares of £1 each at 31 March	2,130,000	2,130	2,130,000	2,130

Notes to the financial statements

As at 31 March 2018

19. Reserves

The following table outlines the movement on reserves:

	<i>Other reserves</i>	<i>Profit and loss account</i>
	£000	£000
At 1 April 2017	1,636	2,067
Profit for the year	-	641
Dividend	-	(508)
Adjustment to deferred tax on pension deficit	-	67
Actuarial loss on pension	-	(397)
As at 31 March 2018	<u>1,636</u>	<u>1,870</u>

Other reserves

Other reserves represents a capital contribution from the immediate parent company.

20. Other financial commitments

Operating lease agreements where the Company is lessee:

The Company has entered into commercial leases on certain properties. These leases have an average life of between 1 and 13 years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these contracts.

At 31 March 2018 the company had future minimum rentals payable under non-cancellable operating leases as set out below. Specifically, the arrangements relate to:

	<i>Buildings</i>	
	<i>2018</i>	<i>2017</i>
	£000	£000
Within one year	235	222
After one year but not more than five years	860	1,043
After five years	<u>1,446</u>	<u>1,445</u>
	<u>2,541</u>	<u>2,710</u>

Notes to the financial statements

As at 31 March 2018

20. Other financial commitments (continued)

	<i>Plant and machinery</i>	
	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>
Within one year	1,239	1,559
After one year but not more than five years	1,105	2,037
After five years		
	<u>2,344</u>	<u>3,596</u>

21. Contingent liabilities

The company holds a £20,000 guarantee with HM Revenue and Customs in respect of value added tax deferred on imports.

22. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries of Canon Inc.

23. Ultimate parent undertaking and controlling party

It is the opinion of the directors that the ultimate parent undertaking and controlling party as at 31 March 2018 is Canon Inc., a company incorporated in Japan, whose registered address is 30-2 Shimomatuko, 3-Chome, Ohta-Ku Tokyo, 146-8501, Japan and the immediate parent undertaking is Canon Medical Systems Europe B.V. whose registered address is Zilverstraat 1, 2718RP Zoetermeer, The Netherlands.

The financial statements of these companies are available from their registered offices, as stated above.