

**Alere Limited**

**Annual Report**

**Year ended 31 December 2014**

**Registered number: 1716581**

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**DIRECTORS AND OTHER INFORMATION**

**Board of Directors**

DN Horne  
EV Chiniara  
T Fellows  
SE Cassey

**Bankers**

HSBC  
97 Bute Street  
Cardiff  
South Glamorgan  
CF10 5NA

Barclays Bank plc  
Barclays Business Centre  
10 Market Place  
Macclesfield  
Cheshire  
SK10 1HA

**Registered Office**

G Couling  
Bio-Stat House  
Pepper Road  
Haxel Grove  
Stockport  
SK7 5BW

**Solicitors**

Berry Smith LLP  
Haywood House  
Drumfries Place  
Cardiff  
CF10 3GA

**Registered Number:** 1716581

**Auditors**

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Harris House  
IDA Small Business Centre  
Tuam Road  
Galway  
Ireland

## STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2014

### Review of the Business

The directors are satisfied with the result for the financial year and the year-end balance sheet position.

The strategy adopted during the year has been to continue with organic growth of the business. The company operates as a Limited Risk Distributor (LRD) for Alere International Limited, a fellow Alere company based in Ireland.

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

Alere Limited is one of the leading In Vitro Diagnostic companies in the UK providing near-patient diagnostics and services. In line with the Global Corporate strategy, particular strengths and focus include;

#### Public Health

NHS Health Check

Sexual Health

Antimicrobial stewardship

#### Infectious Disease

Rapid diagnostics for over 75 diseases

Antimicrobial stewardship

Hospital acquired infection (HAI)

Community acquired pneumonia (CAP)

Respiratory disease

#### Long Term Conditions

Diabetes control

Anticoagulation monitoring

COPD monitoring

HIV management

Heart failure monitoring

#### Acute Disease

Venous thromboembolism (VTE)

Acute myocardial infarction (AMI)

Acute kidney injury (AKI)

Supported hospital discharge

#### Women's Health

Pregnancy tests (professional use)

High-risk pregnancy management

#### IT Solutions

Management and control of decentralised diagnostic testing

Health information exchange

Real-time decision support

Population analytics

The loss for the year, after taxation, amounted to £654,963 (2013 - profit of £159,165). The loss primarily arises as a result of the provision against an intercompany receivable balance in the amount of £1,350,000. The directors do not recommend the payment of a dividend (2013: £Nil).

The current ratio of the Company has increased from 1.82 in 2013 to 2 in 2014 mainly due to the movement in amounts owed between group undertakings during the year. Creditor days (trade) have increased from 10 in 2013 to 12 in 2014 and Debtor days (trade) have increased from 45 in 2013 to 48 in 2014 due to organic sales growth.

**STRATEGIC REPORT - continued**

The company is accredited for ISO14001:2004 Environmental Management System and included in Alere International Limited's ISO13485:2003 and EN ISO 13485: 2012 Quality System accreditations which were both externally audited during the year.

The company has continued to grow organically despite price pressures and competitor activity. The structure of the organisation reflects the current market conditions and focus which is ideally placed to meet its future objectives.

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

**By order of the board**



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Trevor Fellows  
Director

## DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2014.

### Principal activities

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

### Business review

The directors are satisfied with the result for the financial year and the year-end balance sheet position. Sales increased from £19m to £20.7m with an increase in gross profit of £1m from £6.2m to £7.2m. The loss for the year of £654k is largely attributable to restructuring costs of £451k and a provision against an intercompany receivable of £1.35m.

### Results and dividends

The loss for the year, after taxation, amounted to £654,963 (2013 - profit of £159,165). The directors do not recommend the payment of a dividend (2013: £Nil).

### Future developments

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

### Corporate commitments

The Company continues to operate under the quality system ISO accreditations. The company is committed to Health and Safety and ongoing staff training programmes for continued education and improvement.

### Principal risks and uncertainties

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

### Financial risk management

#### Financial risk management objectives and policies

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

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

#### Price risk

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

## **DIRECTORS' REPORT - continued**

### *Currency risk*

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

### *Liquidity risk*

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

### *Interest rate risk*

The company finances its operations through retained profits and therefore interest rate risk is limited. The interest rates on intercompany loans are fixed for the duration of the loan.

### *Credit risk*

The company's principal financial assets are cash and trade debtors. The principal credit risk therefore arises from its trade debtors. Under the trading structure with Alere International Limited, the company itself does not bear any credit risk.

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

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

### **Employment of disabled persons**

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

### **Employee involvement**

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

### **Supplier payment policy**

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

### **Directors**

The directors who served during the year, and, since the year end, were as follows. Unless otherwise indicated, they served as directors for the full year.

DN Horne  
EV Chiniara  
T Fellows  
SE Cassey  
PG Welch (resigned 27 June 2014)

## **DIRECTORS' REPORT - continued**

### **Disclosure of information to auditors**

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

### **Auditors**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the board on 23/9/15 and signed on its behalf by:

**By order of the board**



Trevor Fellows  
**Director**

Alere Limited  
Registered Number: 1716581



## ***Independent auditors' report to the members of Alere Limited***

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Alere Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss 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.
- 

#### **What we have audited**

Alere Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, 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.

## ***Independent auditors' report to the members of Alere Limited - continued***

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### **Responsibilities for the financial statements and the audit**

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#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are 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) ("ISAs (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

## ***Independent auditors' report to the members of Alere Limited - continued***

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### **What an audit of financial statements involves**


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). 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 directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

A handwritten signature in cursive script, appearing to read 'Ann Lavin'.

**Ann Lavin (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Auditors  
Galway**

25 September 2015

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2014**

	Note	2014 £	2013 £
<b>Turnover</b>	2	20,756,232	19,080,140
Cost of sales		<u>(13,563,917)</u>	<u>(12,888,397)</u>
<b>Gross profit</b>		7,192,315	6,191,743
Selling and distribution costs		(4,999,939)	(4,841,171)
Administrative expenses		(737,069)	(688,282)
Exceptional administrative expenses	6	(1,801,196)	-
Other operating income	3a	89,664	259,485
Other operating expenses	3b	<u>(117,039)</u>	<u>(273,464)</u>
<b>Operating (loss)/profit</b>	4	(373,264)	648,311
Loss on disposal of fixed assets		<u>(43,651)</u>	<u>(28,013)</u>
<b>(Loss)/profit on ordinary activities before interest and taxation</b>		(416,915)	620,298
Interest receivable and similar income	8	165,855	74,527
Interest payable and similar charges	9	<u>(95,430)</u>	<u>(120,923)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		(346,490)	573,902
Tax on loss/profit on ordinary activities	10	<u>(308,473)</u>	<u>(414,737)</u>
<b>(Loss)/profit for the financial year</b>	19	<u>(654,963)</u>	<u>159,165</u>

All amounts relate to continuing operations.

The company had no recognised gains or losses other than those reflected above and, therefore, no separate statement of total recognised gains and losses is presented.

**BALANCE SHEET**  
**31 December 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Intangible assets	11	2,106,499	2,454,984
Tangible assets	12	<u>1,146,649</u>	<u>1,174,777</u>
		3,253,148	3,629,761
<b>Current assets</b>			
Stocks	13	47,294	228,108
Debtors	14	6,888,231	7,969,274
Cash at bank		<u>2,572,119</u>	<u>2,225,530</u>
		9,507,644	10,422,912
<b>Creditors</b> - amounts falling due within one year	15	<u>(5,047,168)</u>	<u>(5,741,511)</u>
<b>Net current assets</b>		<u>4,460,476</u>	<u>4,681,401</u>
<b>Net assets</b>		<u>7,713,624</u>	<u>8,311,162</u>
<b>Capital and reserves</b>			
Called up share capital	17	10,000	10,000
Share premium account	19	1,235,666	1,235,666
Capital contribution	19	322,563	265,138
Profit and loss account	19	<u>6,145,395</u>	<u>6,800,358</u>
<b>Total shareholders' funds</b>	20	<u>7,713,624</u>	<u>8,311,162</u>

The financial statements on pages 11 to 22 were approved by the Board of Directors on 23/9/15 and signed on its behalf by:



Trevor Fellows  
Director

Alere Limited  
Registered Number: 1716581

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The financial statements are presented in Sterling ("£").

#### Turnover and revenue recognition

Turnover represents sales to external customers at invoiced amounts exclusive of value added tax. Turnover is recognised when the risks and rewards of owning the products has passed to the customer, which is generally on delivery.

Turnover in relation to services is recognised once the service is provided. Payments received in respect of services not yet provided are treated as deferred income.

#### Tangible fixed assets and depreciation

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

Depreciation is provided to write off the cost less estimated residual values, of tangible fixed assets, on a straight-line basis over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	10% - 15% per annum
Plant & machinery	15% - 33% per annum
Fixtures & fittings	20% - 25% per annum
Computer & analysing equipment	20% - 33% per annum

#### Goodwill

Goodwill arising on an acquisition of a business is the difference between the fair value of the consideration payable and the fair value of the net assets acquired. It is capitalised and amortised through the profit and loss account over its expected useful economic life which ranges from 14 to 20 years. Impairment tests on the carrying value of goodwill are undertaken when there is an indication of potential impairment.

#### Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

#### Operating leases

Operating lease rentals are charged to the profit and loss account in the period to which they relate.

#### Taxation

Corporation tax is provided on taxable profits at current rates.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax is not discounted.

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 1 Basis of preparation of financial statements - continued

**Pension costs**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately in an independently administered fund.

**Cash flow statement**

The directors have availed of the exemption contained in FRS1 "Cash Flow Statements" (revised), which permits qualifying subsidiaries of a parent undertaking, which itself publishes consolidated financial statements which include the subsidiary, not to present a cash flow statement.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions and non-monetary assets denominated in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

**Share based payments**

The company participates in the Alere Inc. share option scheme. Share-based payments are measured at fair value at the date of award. Awards are expensed on a straight line basis over the vesting period, based on the company's estimate of options that will eventually vest. This value is subsequently updated at each balance sheet date for management's best estimate of the effect of non-market based vesting conditions on the number of awards that will ultimately vest. The cost is recognised as an expense over the vesting period by calculating the cumulative expense and recognising the movement in the cumulative expense in the profit and loss account. A corresponding entry is made to equity to reflect the capital contribution to the company from Alere Inc. The fair value of share options is measured using the Black-Scholes option pricing model.

## 2 Turnover

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

All turnover arises from sales within the United Kingdom.

3a Other operating income	2014	2013
	£	£
Intercompany service income	<u>89,664</u>	<u>259,485</u>
3b Other operating expenses	2014	2013
	£	£
Intercompany services expenses	<u>117,039</u>	<u>273,464</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>4 Operating (loss)/profit</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
The operating (loss)/profit is stated after charging:		
Amortisation of goodwill (note 11)	348,485	576,476
Depreciation (note 12)	408,991	404,551
Operating lease rentals:		
- equipment and motor vehicles	250,197	326,426
- buildings	177,792	120,095
Exchange losses	1,180	9,932
Auditors' remuneration - audit services	<u>31,300</u>	<u>31,300</u>

<b>5 Staff costs</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Staff costs, including executive directors' remuneration, were as follows:		
Wages and salaries	3,668,826	3,780,010
Social security costs	369,477	367,613
Other pension costs	<u>116,727</u>	<u>110,067</u>
	4,115,030	4,257,690
Less: recharged to group companies	<u>(322,732)</u>	<u>(566,963)</u>
	<u>3,832,298</u>	<u>3,690,727</u>

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

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Management	5	5
Administration and marketing	<u>86</u>	<u>87</u>
	<u>91</u>	<u>92</u>

Included in wages and salaries is a total expense of £57,425 (2013: £265,138) in respect of equity settled share based payments (note 18).

<b>6 Exceptional administrative expenses</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Provision against intercompany receivable	1,350,000	-
Severance costs	<u>451,196</u>	<u>-</u>
	<u>1,801,196</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>7 Directors' remuneration</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments	323,438	383,624
Contribution to money purchase pension scheme	17,271	26,203
Compensation for loss of office	<u>87,943</u>	<u>-</u>
	<b><u>428,652</u></b>	<b><u>409,827</u></b>

The highest paid director received remuneration of £130,934 (2013: £142,507). Retirement benefits are accruing to 3 directors under a defined contribution pension scheme.

<b>8 Interest receivable</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Interest receivable from group undertakings	165,855	74,470
Other interest receivable	<u>-</u>	<u>57</u>
	<b><u>165,855</u></b>	<b><u>74,527</u></b>

<b>9 Interest payable</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Interest payable to group undertakings	95,430	112,885
Other interest payable	<u>-</u>	<u>8,038</u>
	<b><u>95,430</u></b>	<b><u>120,923</u></b>

<b>10 Taxation</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>

The tax charge is made up as follows:

**Current tax:**

Amounts payable to fellow subsidiary for group relief	272,415	439,749
Adjustments in respect of prior years' group relief	<u>(5,403)</u>	<u>176,860</u>
Total current tax charge	<b><u>267,012</u></b>	<b><u>616,609</u></b>

**Deferred tax**

Origination and reversal of timing differences	39,501	(88,490)
Adjustment in respect of previous years	4,704	(168,362)
Impact of change in tax rate	<u>(2,744)</u>	<u>54,980</u>
Total deferred tax	<b><u>41,461</u></b>	<b><u>(201,872)</u></b>

Tax on profit on ordinary activities	<b><u>308,473</u></b>	<b><u>414,737</u></b>
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A reduction in the UK standard corporation tax rate to 21% was effective from 1 April 2014. Further reductions to 20% from 1 April 2015 were substantially enacted on 2 July 2013. The deferred tax balance at year-end has been re-measured at 20% as the timing differences are expected to materially reverse after 1 April 2015.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**10 Taxation - continued**

The tax charge for the year differs from that which would result from applying the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%) to the loss/profit for the year. The differences are explained below.

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	<u>(346,490)</u>	<u>573,902</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49 (2013: 23.25%)	(74,461)	133,432
Effects of:		
Expenses not deductible for tax purposes	386,377	217,827
Difference between capital allowances and depreciation	(36,264)	84,408
Other short term timing differences	(3,237)	4,082
Group relief	(272,415)	(439,749)
Amounts payable for group relief	<u>272,415</u>	<u>439,749</u>
Current tax charge for the year	<u>272,415</u>	<u>439,749</u>

**11 Intangible fixed assets**

Goodwill  
£

**Cost**

At 1 January 2014	3,418,010
Additions	-
At 31 December 2014	<u>3,418,010</u>

**Amortisation**

As at 1 January 2014	963,026
Charge for the year	<u>348,485</u>
As at 31 December 2014	<u>1,311,511</u>

**Net book value**

At 31 December 2014	<u>2,106,499</u>
At 31 December 2013	<u>2,454,984</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 12 Tangible fixed assets

	Leasehold improvements €	Plant and machinery €	Fixtures & fittings €	Computer & analysing equipment €	Total €
<b>Cost</b>					
At 1 January 2014	715,738	211,459	226,730	2,691,362	3,845,289
Additions	-	412,630	863	16,096	429,589
Disposals	-	(253,182)	-	(1,421)	(254,603)
At 31 December 2014	<u>715,738</u>	<u>370,907</u>	<u>227,593</u>	<u>2,706,037</u>	<u>4,020,275</u>
<b>Depreciation</b>					
At 1 January 2014	341,271	156,022	217,348	1,955,871	2,670,512
Charge for the year	69,564	304,631	8,553	26,243	408,991
On disposals	-	(204,456)	-	(1,421)	(205,877)
As at 31 December 2014	<u>410,835</u>	<u>256,197</u>	<u>225,901</u>	<u>1,980,693</u>	<u>2,873,626</u>
<b>Net book value</b>					
At 31 December 2014	<u>304,903</u>	<u>114,710</u>	<u>1,692</u>	<u>725,344</u>	<u>1,146,649</u>
At 31 December 2013	<u>374,467</u>	<u>55,437</u>	<u>9,382</u>	<u>735,491</u>	<u>1,174,777</u>

## 13 Stocks

	2014 £	2013 £
Spare parts	<u>47,294</u>	<u>228,108</u>

The directors consider that there is no material difference between replacement cost of stock and the values above.

## 14 Debtors

	2014 £	2013 £
Trade debtors	2,759,562	2,336,247
Amounts owed by group undertakings	3,712,606	5,142,067
Other debtors	19,941	296
Prepayments and accrued income	77,305	130,386
Deferred tax asset (see note 16)	<u>318,817</u>	<u>360,278</u>
	<u>6,888,231</u>	<u>7,969,274</u>

The amounts owed by group undertakings are unsecured and have no fixed date of repayment, and include both interest bearing and non-interest bearing balances.

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>15 Creditors - amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade creditors	120,239	45,808
Amounts owed to group undertakings	3,372,896	4,785,690
Other taxation and social security	606,448	188,118
Accruals and deferred income	<u>947,585</u>	<u>721,895</u>
	<b><u>5,047,168</u></b>	<b><u>5,741,511</u></b>

The amounts owed by group undertakings are unsecured and have no fixed date of repayment, and include both interest bearing and non-interest bearing balances.

<b>16 Deferred tax asset</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
At beginning of year	360,278	158,406
(Debit)/credit to profit and loss account	<u>(41,461)</u>	<u>201,872</u>
At end of year	<b><u>318,817</u></b>	<b><u>360,278</u></b>

The deferred tax asset is comprised as follows:

Accelerated capital allowances	316,113	354,561
Other timing differences	<u>2,704</u>	<u>5,717</u>
	<b><u>318,817</u></b>	<b><u>360,278</u></b>

<b>17 Share capital</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
10,000 - ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 18 Stock based compensation plans

The company participates in the Alere Inc. share option scheme which forms part of the remuneration of certain employees.

Stock options granted under the plan vest 25% one year from the date of grant, 25% two years from the date of grant, 25% three years from the date of grant and 25% four years from the date of grant provided an employee remains in service. Stock options expire 10 years from the date of grant.

The fair value of each option award is calculated as at the grant date using the Black-Scholes option pricing model. The following assumptions were used in respect of the options granted during 2014 and 2013:

	2014 US\$	2013 US\$
Weighted average share price at grant date	36.74	28.11
Exercise price range	36.74 – 36.74	5.68-36.20
Dividend yield	-	-
Expected volatility	36.00%	42.00%
Risk-free interest rate	1.77%	1.47%
Expected life of option (in years)	5.78	5.74

The expected volatility above is based on historical volatility of Alere Inc. stock. The computation of expected life was based on historical experience of similar awards, giving consideration to contractual terms, vesting schedules and expectations of employee behaviour. The weighted average fair value of the options granted during 2014 was US\$18.94 (2013: US\$17.81). The impact of recognising the fair value of the options as an expense under FRS 20 is £57,425 (2013: £265,138) for the year ended 31 December 2014.

The following table summarises the company's activity under the Alere Inc share-based payment plans for the periods ended 31 December 2014 and 31 December 2013:

	31 December 2014		31 December 2013	
	Number of options	Weighted average exercise price US\$	Number of options	Weighted average exercise price US\$
Outstanding at beginning of the year	45,261	28.89	47,161	29.19
Granted during the year	4,500	36.74	6,500	28.12
Exercised during the year	(23,169)	31.29	-	-
Forfeiture during the year	(6,062)	26.34	(8,400)	25.43
Outstanding at end of the year	<u>20,530</u>	<u>30.52</u>	<u>45,261</u>	<u>29.73</u>
Exercisable at end of year	8,605		24,811	
Weighted average remaining contractual life	5.98 years		6.02 years	

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 19 Reserves

	Capital contribution £	Share premium account £	Profit and loss account £
At 1 January 2014	265,138	1,235,666	6,800,358
Loss for the financial year	-	-	(654,963)
Capital contribution - share based payments	<u>57,425</u>	<u>-</u>	<u>-</u>
At 31 December 2014	<u>322,563</u>	<u>1,235,666</u>	<u>6,145,395</u>

## 20 Reconciliation of movement in equity shareholders' funds

	2014 £	2013 £
Opening equity shareholders' funds	8,311,162	7,886,859
Loss for the financial year	(654,963)	159,165
Capital contribution - share based payments	<u>57,425</u>	<u>265,138</u>
Closing equity shareholders' funds	<u>7,713,624</u>	<u>8,311,162</u>

## 21 Pension costs

The company operates a defined contribution pension scheme for the benefit of employees. The assets of the scheme are administered by trustees in a fund independent from those of the Company. The charge to the Profit and Loss account in the financial year was £116,727 (2013: £110,067), of which £13,521 (2013: £17,158) was payable at year end.

## 22 Financial commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Equipment and motor vehicles	
	2014 £	2013 £	2014 £	2013 £
<b>Expiry date:</b>				
Within one year	-	-	50,709	45,222
Between two and five years	192,200	135,200	118,280	139,297
Greater than five years	<u>-</u>	<u>57,000</u>	<u>-</u>	<u>-</u>
Total	<u>192,200</u>	<u>192,200</u>	<u>168,989</u>	<u>184,519</u>

## 23 Related party transactions

The Company has availed of the exemption contained in FRS 8 "Related Party Disclosures" in respect of subsidiary undertakings, which are wholly owned within a group. Consequently, the financial statements do not contain disclosure of transactions with entities wholly owned in the Alere Inc. group.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**24 Ultimate parent undertaking**

The immediate parent undertaking is Alere UK Holdings Limited.

The ultimate parent undertaking is Alere Inc., a company incorporated in the USA.

Alere Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate the financial statements of Alere Limited at 31 December 2014. The consolidated financial statements of Alere Inc. are available from:

Alere Inc.  
51 Sawyer Road, Suite 200  
Waltham  
MA02453-3448  
USA