

Company Registration No. 01993990 (England and Wales)

DIASORIN LIMITED

Annual Report and Financial Statements

Financial Year Ended 31 December 2019

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COMPANY INFORMATION

DIRECTORS AND OTHER INFORMATION

Board of directors

Benoit Traineau
Mark Jackman

Solicitors

SAB Corporate Limited
Ashbrook House

Westbrook Street
Blewbury Didcot
Oxfordshire
OX11 9QA

Secretary and Company registered office

SA Barrett
Ashbrook House
Westbrook Street
Blewbury Didcot
Oxfordshire
OX11 9QA
England

Bankers

Deutsche Bank AG
London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
England

DIASORIN LIMITED

Company registration number: 01993990
Private Limited company by shares

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
UB8 1EX
London, UK.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Principal activities

Until FY2018 the principal activity of the company was the provision of sales support and after sales support activities and services. The company was remunerated both on a cost plus and commission basis for its services.

From current year there was a change in the company's business model. The company's operations now consist of marketing, sales, service and support of sold/ invested products in the UK and Ireland. The focus is on the UK and Ireland diagnostics market where the company offers products for the diagnosis of infectious diseases and services that are linked to these products.

Review of business and future developments

In 2019, the predetermined strategy for the UK was to continue focus on growth with partnerships with the Managed Service providers within the UK market while driving growth in high growth market segments of Gastro Intestinal Health and Quantiferon latent TB testing with our market partnership with Qiagen.

Overall sales grew to £10,363K GBP but were disappointing against the plan of £11,398K GBP. Identified factors to this shortfall are implementation and go live delays with Quantiferon latent TB testing with IT factors and contract completion, lower seasonal demand with Parvovirus in UK resulting in lower testing demands and product quality challenges in the endocrinology product line resulting in customer switching.

Positive trends for the 2020 outlook are that the UK will continue to build on 2019 growth; Quantiferon latent TB testing met 2019 Q4 forecast (£166K GBP) and trend looks strong for growth in 2020 with £617k GBP in total forecasted sales delivering £451K in growth. Gastro Intestinal diagnostics was a highlight in 2019 with sales of £1,254K GBP and growth YOY of 61.1%. Growth is expected to continue in this market with continued trends and additions of Elastase testing and relaunch of Meridian H. pylori with a plan of 22.4% growth in plan for this product line. Instrument placements of 16 Liaison XL units for the UK were good enabling a strong install base to grow and add testing in 2020.

As in 2018, the UK & Irish diagnostics market has continued to develop more towards partnerships with other players to meet customer requirements in 2019. Continued consolidation / concentration with networks driven by the NHS is driving the 'Managed Service' segment with the 'Key' primary diagnostic suppliers running consolidated contracts with Hospitals where DiaSorin is a third party within their overall solutions and contracts. DiaSorin continues to have a position of strength in this market with a diverse specialist portfolio enabling primary contractors to deliver solutions together with DiaSorin and growth with new testing. Close to 80% of contracted business is via this market access route and this trend will continue.

The molecular market in the UK is competitive, specialized and relatively mature. DiaSorin distributes its products through a partner and growth is challenging in this segment. A market review in 2019 has made the decision to continue this partnership and renew the contract in 2020, but the lack of new tests will continue to impact sales growth in this area.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

In terms of costs, there is a continuous monitoring of operational expenditures in order to bring the cost as proportion to the sales costs from 23.6% in 2019 to 22.6% in 2020. The comparison with prior year is irrelevant due to the transfer of costs which were previously sitting in DiaSorin I.N. UK Limited for the year 2018.

Going concern

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements. Financial support by Diasorin S.p.A. has been confirmed for a period of not less than 12 months from the date of signing these financial statements.

Results and dividends

The results for the year (set out on page 9) show a profit of £613,165 (2018: £221,838).

A dividend of £1,200,000 was proposed on 27th February 2020 (2018: £nil). None were approved or paid during the financial year (2018: £nil)

Qualifying third party indemnity provisions

The Company did not have any qualifying third party indemnity provision and/or qualifying pension scheme for any directors, during the financial year and at the date of approval of the Directors' report.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

Benoit Traineau

Mark Jackman (appointed 18 December 2019)

Steven Swanscott (resigned 18 December 2019)

Financial instruments and financial risk management

Objectives and policies

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the Company is presented as a liability in the Balance Sheet.

Foreign exchange risk

The company's activities in the Ireland expose it primarily to the financial risks arising from changes in foreign currency exchange rates. The principal foreign exchange exposures arising from trading in this country are receivables balances in EUR.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, trade debtors and other receivables.

The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the timing of collecting debts and payments of liabilities. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Political donations and political expenditure

The Company did not make any disclosable political donations or political expenditure in the current period (2018:£nil).

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Accounting Standards comprising "FRS 101 Reduced Disclosure Framework" and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 profit or loss of the company and of the state of affairs 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 judgements and estimates that are reasonable and prudent;
- state whether United Kingdom Accounting Standards including, "FRS 101 Reduced Disclosure Framework" has 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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make him aware of any relevant audit information and to establish that the company's auditor is aware of that information

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting

Post balance sheet events

COVID-19

At the end of January 2020, the WHO has declared the novel Coronavirus outbreak, which first emerged in the People's Republic of China, a global public health emergency. The prolonged halt and the consequent delay in resuming production activities along with the isolation measures to contain the virus will have significant impacts on the global economy for the year 2020. As far as DIASORIN LIMITED is concerned, management expects that any negative impact on financial results will be compensated by the new COVID tests sales.

Impact of the UK leaving the European Union

The directors have considered the impact of the UK deciding to leave the European Union and do not believe it will have a significant impact to the entity in the foreseeable future.

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



Mark Jackman

Director

Date: 22/06/2020

Independent auditors' report to the members of DIASORIN LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, DIASORIN LIMITED's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Simon Ormiston (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
22 June 2020

STATEMENT OF COMPREHENSIVE INCOME
For the Financial Year Ended 31 December 2019

	Notes	2019 £	2018 £
Revenue	2	10,363,493	2,445,652
Cost of sales		<u>(6,982,143)</u>	<u>(1,909,031)</u>
Gross profit		3,381,350	536,621
Administrative expenses		<u>(2,606,819)</u>	<u>(231,264)</u>
Operating profit	3	774,531	305,357
Interest income/(expenses)		<u>7,136</u>	<u>(139)</u>
Profit before taxation		781,667	305,218
Tax on profit	5	<u>(168,502)</u>	<u>(83,380)</u>
Profit for the financial year and total comprehensive income		613,165	221,838

The notes on pages 12 to 21 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at Ended 31 December 2019

	Notes	2019 £	2018 £
Non-current assets			
Fixed assets			
Property, plant and equipment	6	756,039	658,762
Right of Use assets	7	130,252	-
Intangible assets		9,748	-
		<u>896,039</u>	<u>658,762</u>
Current Assets			
Trade and other receivables	8	3,657,079	1,853,243
Inventories	9	465,166	229,699
Cash at bank and in hand		-	-
		<u>4,122,245</u>	<u>2,082,942</u>
Current liabilities			
Creditors (amounts falling due within one year)	10	3,103,747	1,494,864
Net current assets		<u>1,018,498</u>	<u>588,078</u>
Total assets less current liabilities		<u>1,914,537</u>	<u>1,246,840</u>
Capital and reserves			
Called-up share capital	11	500	500
Profit and loss account		1,859,505	1,246,340
		<u>1,860,005</u>	<u>1,246,840</u>
Non-current liabilities	7	<u>54,532</u>	-
Shareholders' funds and non-current liabilities		<u>1,914,537</u>	<u>1,246,840</u>

The financial statements on page 9 to 21 were approved by the Board of Directors on the 22nd June 2020 and signed on its behalf by:



Mark Jackman
 Director
 22nd June 2020

STATEMENT OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2019

	Share capital £	Retained earnings £	Total £
Net equity as at 1 January 2018	500	1,024,502	1,025,002
Total comprehensive income	-	221,838	221,838
Net equity as at 31 December 2018	500	1,246,340	1,246,840
Total comprehensive income	-	613,165	613,165
Net equity as at 31 December 2019	500	1,859,505	1,860,005

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Company information

DIASORIN LIMITED is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all years presented.

Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note m). The following principal accounting policies have been applied consistently throughout the year. In accordance with paragraphs 7 and 8 of FRS 101, the company has availed of the following exemptions from the requirements of IFRS in the preparation of these financial statements:

1. The requirements of IAS 7 "Statement of Cash Flows".
2. The requirements of IAS 24 to disclose the compensation of key management compensation.
3. The requirements of IAS 24 to disclose related party transactions entered 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.
4. The requirements of paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of –
 - iii) Paragraph 79(a)(iv) of IAS 1;
 - iv) Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - v) Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
5. The requirements of paragraphs 10(d), 10(f), 39(c) and 134 – 136 of IAS 1 "Presentation of Financial Statements";
6. The requirements of paragraph 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
7. The requirements of IFRS 7 "Financial Instruments Disclosures" and IFRS 13 "Fair Value Measurement" (disclosure of valuation techniques and inputs used for fair value measurements of assets and liabilities).
8. The disclosure requirements of paragraphs 110, 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 "Revenue from Contracts with Customers".
9. The disclosure requirements of IFRS 9 "Financial Instruments".
10. The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases

Going Concern

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements. Financial support by Diasorin S.p.A. has been confirmed for a period of not less than 12 months from the date of signing these financial statements.

New standards, amendments, IFRIC interpretations

IFRS 16 was applied by the Company for the first time as of 1 January 2019.

IFRS 16 requires an accounting model for a lessee that recognises all right-of-use assets and liabilities from lease agreements in the balance sheet. The first-time adoption of IFRS 16 follows the modified retrospective method, which means that the prior period information is not restated – this continues to be presented in

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

accordance with IAS 17. All relevant contracts were signed during the current year. The impact from the application of IFRS 16 is not significant (note 7).

Revenue

Revenue is recognised as per IFRS 15. The company generates its revenue from supply of goods and services and also from contracts entered into with the customers for maintenance service. Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Revenue is recognised when performance obligations have been satisfied and for the company this when the goods or services have transferred to the customer and the customer has control of these.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

	Annual Charge
Leasehold improvements	20% on cost
Furniture and fittings	20% on cost
Computer equipment	20% on cost
Diagnostic Instruments	33.33% on cost

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and amended when necessary to reflect current estimates.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of purchase includes charges such as freight or duty where applicable. FIFO method is used for inventory valuation.

Net realisable value comprises the actual or estimated selling price (net of trade but before settlement of discounts) less all costs to be incurred in marketing, selling and distribution.

Cash at bank and in hand

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

Foreign currencies

All amounts in the Statement of comprehensive income, Statement of Financial Position and Statement of Changes in Equity and in the related notes are expressed in Pound Sterling which is the currency of the primary economic environment in which the Company operates (its functional currency).

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and revenues, costs and non-monetary assets at the exchange rates ruling at the date of the transactions.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with through the Statement of comprehensive income. Monetary assets are money held and amounts to be received in money; all other assets are non-monetary assets.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the Statement of comprehensive income as they become payable in accordance with the rules of the scheme. They are included as part of staff costs. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Financial Assets

Other debtors and amounts owing from group companies are recognised initially at the amount of consideration that is unconditional and subsequently measured at amortised cost using the effective interest method. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Impairment of financial assets

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

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

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1 Accounting policies (continued)****Current and deferred tax (continued)**

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Leases (policy applicable from 01st January 2019)

As per IFRS 16, at the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company separates non-lease components, such as services, from total lease payments. Where an extension or termination option is present, these are only taken into consideration in the measurement of the lease liability when it is reasonably certain that the option will be exercised. Estimates and expectations which are applied at the commencement date of the lease relating to future payments are assessed continuously during the lease term.

If an existing lease contract is modified, the lease liability and right-of-use asset are remeasured. The lease liability is remeasured when there is a change in future lease payments or if the Company changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leased assets (policy applicable prior to 1st January 2019)

Where the Company obtains assets under leasing arrangements which transfer substantially all the risks and rewards of ownership of an asset to the Company as lessee (finance leases), the lower of the fair value of the leased asset or the present value of the minimum lease payments is capitalised as an asset with a corresponding liability representing the obligation to the lessor. Lease payments are treated as consisting of a capital element and a finance charge, the capital element reducing the obligation of the lessor and the finance charge being written off to the statement of profit and loss at a constant rate over the period of the lease in proportion to the capital amount outstanding. Depreciation is charged over the shorter of the estimated useful life and the lease period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Leases where substantially all the risks and rewards of ownership remain with the lessor are classified as operating leases. Rental costs arising under operating leases are expensed on a straight line basis over the term of the operating lease.

Dividend Distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2	Revenue	2019 £	2018 £
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The analysis of revenue by geographical area is as follows:

Europe	10,363,493	2,445,652
Rest of world	-	-
	<u>10,363,493</u>	<u>2,445,652</u>

The analysis of significant categories of revenue is as follows:

Revenue from sale of goods	9,918,493	-
Revenue from sale of services	445,000	2,445,652
	<u>10,363,493</u>	<u>2,445,652</u>

3	Operating profit	2019 £	2018 £
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Profit before taxation is stated after charging/(crediting):

Depreciation on Right of Use assets	59,822	-
Depreciation on Property, plant and equipment	361,816	5,749
Amortization of intangible assets (Software)	1,200	-
Operating lease – others	59,259	120,112
Foreign exchange (gain)/loss	(50,736)	198
Directors' remuneration	<u>115,885</u>	<u>115,261</u>

Auditors' remuneration for the year is £30,000 (2018: £5,000)

Directors' remuneration consists of £964 towards pension contribution and 114,921 towards emoluments (2018: £4,781 towards pension contribution and £110,480 towards emoluments)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Staff costs	2019 Number	2018 Number
The average monthly number of employees (excluding executive directors) was:		
Sales	11	11
Services	<u>10</u>	<u>6</u>
	<u>21</u>	<u>17</u>
	2019 £	2018 £
The aggregate remuneration comprised:		
Wages and salaries	1,269,217	1,044,011
Social security costs	161,325	129,970
Other pension costs (note 15)	<u>157,062</u>	<u>123,392</u>
	<u>1,587,604</u>	<u>1,297,373</u>
5 Tax on profit	2019 £	2018 £
Current tax:		
UK corporation tax charge	154,539	84,392
Deferred tax charge/(credit)	<u>13,963</u>	<u>(1,012)</u>
Total tax charge on profit	<u>168,502</u>	<u>83,380</u>
The differences between total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:		
	2019 £	2018 £
Profit before taxation	<u>781,667</u>	<u>305,218</u>
Tax on profit at standard UK corporation tax rate of 19% (2018:19%)	149,000	57,991
Effects of:		
Expenses not deductible	<u>19,502</u>	<u>25,369</u>
Total current tax charge for the year	<u>168,502</u>	<u>83,380</u>

At 31 December 2019, changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The new Finance Bill (on 19 March 2020) amended the previous Finance Bill (2017) so that there will no longer be a reduction to 17%; the rate will now remain at 19%. Deferred tax assets (see note 8) relate to temporary differences on Property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6	Property, plant & equipment	Leasehold improvements	Furniture and fittings	Computer Equipment	Diagnostic Instruments	Total
	£	£	£	£	£	£
	Cost					
	At 1 January 2019	20,132	29,635	40,835	647,325	737,927
	Additions	-	-	18,606	440,487	459,093
	At 31 December 2019	<u>20,132</u>	<u>29,635</u>	<u>59,441</u>	<u>1,087,812</u>	<u>1,197,020</u>
	Accumulated Depreciation					
	At 1 January 2019	20,132	29,564	29,469	-	79,165
	Charge for the year	-	71	8,681	353,064	361,816
	At 31 December 2019	<u>20,133</u>	<u>29,635</u>	<u>38,150</u>	<u>353,064</u>	<u>440,981</u>
	Net book value					
	At 31 December 2018	-	71	11,366	647,325	658,762
	At 31 December 2019	<u>-</u>	<u>-</u>	<u>21,291</u>	<u>734,748</u>	<u>756,039</u>

7 Right of Use assets

Cost	£
At 1 January 2019	
Additions	190,074
At 31 December 2019	<u>190,074</u>
Accumulated Depreciation	
At 1 January 2019	
Charge for the year	59,822
At 31 December 2019	<u>59,822</u>
Net book value	
At 31 December 2018	-
At 31 December 2019	<u>130,252</u>

Lease liability amounts falling due within one year £61,409 (2018: 49,478) and amounts falling after one year £54,532 (2018: 45,007)

8	Trade and other receivables - Amounts falling due within one year:	2019	2018
		£	£
	Other debtors	17,362	35,994
	VAT recoverable	-	205,062
	Trade Receivables	1,505,951	-
	Prepayments	29,707	-
	Deferred tax asset	-	5,539
	Amount owing from group companies - Trading	<u>2,104,059</u>	<u>1,606,648</u>
		<u>3,657,079</u>	<u>1,853,243</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Inventories	2019	2018
	£	£
Spare parts	184,315	119,671
Finished goods	<u>280,851</u>	<u>110,028</u>
	<u>465,166</u>	<u>229,699</u>
10 Creditors (amounts falling due within one year)	2019	2018
	£	£
Amount owed to group companies - Trading	1,998,399	1,146,527
Social security	49,292	37,007
Accruals	395,329	214,403
Lease liability	61,409	-
VAT Payable	447,258	-
Corporation tax	137,679	75,644
Deferred Tax Liability (note 5)	13,963	-
Other creditors	<u>418</u>	<u>21,283</u>
	<u>3,103,747</u>	<u>1,494,864</u>
11 Called up share capital	2019	2018
	£	£
Authorised		
(2018: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
(2018: 500) ordinary shares of £1 each	<u>500</u>	<u>500</u>
12 Financial commitments		
At 31 December 2019, the company was committed to making the following payments under non-cancellable operating leases in the next year:		
	2019	2018
	£	£
Operating leases which expire:		
Within one year	61,409	26,689
Between two and five years	<u>54,532</u>	<u>91,694</u>
13 Controlling party		

The directors regard DiaSorin S.p.A. as the ultimate controlling party and immediate and ultimate parent undertaking. DiaSorin S.p.A. is the parent undertaking of the largest and smallest group of which DIASORIN LIMITED is a member and for which group accounts are drawn up.

The financial statements of DiaSorin S.p.A., a company incorporated in Italy, are available to the public and may be obtained from DiaSorin S.p.A., Via Crescentino, 13040 Saluggia, Italy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Related party transactions

The company is a wholly owned subsidiary of DiaSorin S.p.A. and is exempt under the terms of FRS 101 from disclosing related party transactions with other wholly owned subsidiaries of DiaSorin S.p.A.

15 Pensions

The company operates a defined contribution pension scheme for certain employees which is administered by trustees and is financially separate from the company. Company policy is to make a fixed contribution, which is based on a percentage of annual salary. No guarantee is given as to the pension entitlement at the date of retirement. Accordingly, no actuarial valuation has been undertaken.

The pension charge for the year amounted to £157,062 (2018: £123,392). There are no outstanding pension contributions at the year-end (2018: £nil).

16 Events subsequent to the financial year

At the end of January 2020, the WHO has declared the novel Coronavirus outbreak, which first emerged in the People's Republic of China, a global public health emergency. The prolonged halt and the consequent delay in resuming production activities along with the isolation measures to contain the virus will have significant impacts on the global economy for the year 2020. As far as DiaSorin is concerned the management expects that the negative impact on financial results will be compensated by the new Covid tests sales.