Company Registration No. 01993990 (England and Wales)

DIASORIN LIMITED

Annual Report and Financial Statements

Financial Year Ended 31 December 2021

CONTENTS

COMPANY INFORMATION

DIRECTORS AND OTHER INFORMATION

Board of directors

Andrea Giubboni
Mark Jackman

Secretary and Company registered office

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

DIASORIN LIMITED
Company registration number: 01993990
Private Limited company by shares

Independent Auditors

Carbon Accountancy Limited
Chartered Accountants and Statutory Auditors
80-83 Long Lane
London
EC1A 9ET

Solicitors

SAB Corporate Limited
Ashbrook House
Westbrook Street
Blewbury Didcot
Oxfordshire
OX11 9QA

Bankers

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Principal activities

The company's operations consist of marketing, sales, service and support of sold 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 2021 UK & Irish diagnostics market has continued to develop more towards partnerships with other players to meet customer requirements. 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.

DiaSorin successfully deployed 2021 strategy, aimed at strengthening the partnerships with the Managed Service providers within the UK market, driving development in high growth market segments of Gastro Intestinal Health and Quantiferon latent TB testing with our market partnership with Qiagen, leveraging the market opportunity to deliver covid serology and antigen kits.

Strong base business sales performance against plan in 2021, this is driven by key strategic segments of Gastro Intestinal Health, Quantiferon latent TB testing and Hepatitis. Growth achieved through sales to new customers as well as adds on to existing customers' framework of assays.

In particular, the UK and Ireland, in line with many countries, extended full National Lockdown until March 2021, with significant impact on Q1 sales and mix of products. The National Lockdown impacted healthcare and all Non-Urgent healthcare was stopped. This had an impact on laboratory testing and volumes, with reduced routine testing taking place nationally. This resulted in lower sales in segments such as Infectious Disease, Vitamin D, Torch and Parvovirus

Our budget and focus for 2022 growth continues via partnerships with the Managed Service providers within the UK market while driving growth in high growth market segments of GI and QFT latent TB testing with our market partnership with Qiagen. On top of this, there are numerous projects are active in the pipeline to expand the framework of assays DiaSorin can offer to its customers to mention the launch of Hepatitis E assay to complete Hepatitis panel, Memed partnership to provide an innovative test to the market, and Luminex integration to expand the molecular portfolio.

Going concern

The directors have reviewed the company's forecasts and projections and taking into account the parent company's continued support and are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

Results and dividends

The results for the year (set out on page 9) show a profit of £598,575 (2020: £602,227).

No additional dividends were proposed on 10th March 2022 and accordingly was not reflected in these financial statements (2020: £500,000). The dividend paid during the financial year was £500,000 (2020: £1,200,000).

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

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:

Mark Jackman
Andrea Guibboni

Financial risk management

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.

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. Cash held in foreign currency is cash pooled by DiaSorin S.p.A. and therefore the risk at company level is minimal.

Price Risk

Price risk in respect of purchases is minimal as a result of purchases made from other group company at fixed cost. Price risk around revenue is predominantly mitigated by contracts. The risk around fixed price contracts is mitigated by regular reviews of the input prices.

Liquidity risk and cash flow risk

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding from the group support 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.

Credit Risk

The company offers credit to its customers and hence exposed to credit risk. The company does a credit check while signing the contract and review the same at regular intervals to manage the credit risk. Debts are actively chased by the credit control department.

Political donations and political expenditure

The Company did not make any disclosable political donations or incur any political expenditure in the current year (2020: £nil).

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of Directors' Responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

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

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

Mark Jackman
Director
Date:19th April 2022

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 2021 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 2021 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.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to employment laws and regulations. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

Use of 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.

John Leyden FCA (Senior Statutory Auditor)
for and on behalf of Carbon Accountancy Limited
Chartered Accountants and Statutory Auditors
80-83 Long Lane, London EC1A 9ET
19 April 2022

STATEMENT OF COMPREHENSIVE INCOME
For the Financial Year Ended 31 December 2021

	Notes	2021 £	2020 £
Revenue	2	14,078,859	11,480,867
Cost of sales		(10,727,112)	(8,179,428)
Gross profit		**3,351,747**	**3,301,439**
Administrative expenses		(2,675,983)	(2,557,672)
Operating profit	3	**675,764**	**743,767**
Interest payable and similar expenses	5	-	(27,342)
Other interest receivable and similar income		63,069	-
Profit before taxation		**738,883**	**716,425**
Tax on profit	6	(140,258)	(114,198)
Profit and total comprehensive income for the financial year		**598,575**	**602,227**

All the activities of the company are from continuing operations.

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

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Property, plant and equipment	7	560,024	633,678
Right-of-use assets	9	169,635	164,138
Intangible assets	8	5,368	7,557
		735,027	805,373
Current assets			
Inventories	10	420,902	1,743,073
Trade and other receivables	11	5,565,874	4,309,614
Cash at bank and in hand		-	14,811
		5,986,776	6,067,498
Current liabilities			
Creditors (amounts falling due within one year)	12	5,296,876	5,545,514
Net current assets		**689,900**	**521,984**
Total assets less current liabilities		**1,424,928**	**1,327,357**
Capital and reserves			
Share capital	14	500	500
Retained earnings		1,360,307	1,261,732
		1,360,807	1,262,232
Non-current liabilities	9	**64,121**	**65,125**
Shareholders' funds and non-current liabilities		**1,424,928**	**1,327,357**

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime (Company registration number – 01993990).

The financial statements on page 9 to 21 were approved by the Board of Directors on the 19th April 2022 and signed on its behalf by:

Mark Jackman
Director
19th April 2022

STATEMENT OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2020

	Share capital	Retained earnings	Total
	£	£	£
Balance as at 1 January 2020	**500**	**1,859,505**	**1,860,005**
Dividend paid	-	(1,200,000)	(1,200,000)
Profit and total comprehensive income for the year	-	602,227	602,227
Balance as at 31 December 2020	**500**	**1,261,732**	**1,262,232**
Dividend paid	-	(500,000)	(500,000)
Profit for the financial year	-	598,575	598,575
Balance as at 31 December 2021	**500**	**1,360,307**	**1,360,807**

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 registered address of the company is Ashbrook House, Westbrook street, Blewbury Didcot, Oxfordshire, OX11 9QA, England.

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, unless otherwise stated.

All amounts in the financial statements and notes have been rounded off to the nearest thousand Sterling Pound (£), unless otherwise stated.

Basis of preparation

The financial statements of DiaSorin Limited have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and in accordance with the companies Act 2006. 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. 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 –
   i) Paragraph 79(a)(iv) of IAS 1;
   ii) Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
   iii) 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), 16, 111 38(A) 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 Paragraph 91 to 99 of 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Going concern

The directors have reviewed the company's forecasts and projections and taking into account the parent company's continued support and are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

New standards, amendments, IFRIC interpretations

There are no amendments to accounting standards or IFRIC *interpretations that are effective for the year ended* 31 December 2021 that have a material impact on the company's financial statements.

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 is when the goods or services have transferred to the customer and the customer has control/benefit of these.

Transaction price and return policy is agreed upon while signing the contract with the customers. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices in the agreed contract. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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:

	Useful life
Leasehold improvements	5 years
Furniture and fittings	5 years
Computer equipment	5 years
Diagnostic Instruments	4 years

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Impairment of fixed assets (continued)

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.

Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed three years.

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.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Interest receivable/payable and similar income/expenses

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. Profit is classified as other income and loss is classified as other expenses in the comprehensive income statement. Monetary assets are money held and amounts to be received in money; all other assets are non-monetary assets.

Employee benefits

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.

Trade and other receivables

Trade receivables 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.

Impairment of trade and other receivables

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Trade and other payables

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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Leases (continued)

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, and 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.

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.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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. For each financial year, the group reviews and adjusts cost of sales through transfer pricing adjustment in order to bring gross margin in line with corporate benchmark.

2 Revenue

	2021	2020
	£	£
The analysis of revenue by geographical area is as follows:		
UK & Ireland	14,078,859	11,480,867
	14,078,859	11,480,867
The analysis of significant categories of revenue is as follows:		
Revenue from sale of goods	13,583,741	10,962,814
Revenue from sale of services	495,118	518,053
	14,078,859	11,480,867

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Operating profit

	2021 £	2020 £
Operating profit is stated after charging/(crediting):		
Gain on sale of assets	-	(2,629)
Depreciation on Right-of-Use assets	107,179	94,766
Depreciation on Property, plant and equipment	297,852	374,499
Amortization of intangible assets (Software)	2,190	2,191
Lease expenses for low value assets and short-term leases	17,967	29,817
Car lease interest	3,192	3,380
Inventory recognised as an expense	10,292,135	7,870,758
Impairment of inventory	-	2,632
Foreign exchange loss/(gain)	(63,069)	27,343
Directors' remuneration	160,632	111,543

Auditors' remuneration for the year is £11,750 (2020: £20,000).

Director's remuneration consists of £8,395 of pension contribution and £152,237 of emoluments (2020: £6,117 of pension contribution and £105,426 of emoluments).

One director (2020: one) was not paid (2020: not paid) for their services to the company.

4 Employee costs

	2021 Number	2020 Number
The average monthly number of employees by activity (excluding executive directors) was:		
Sales	13	13
Services	11	10
	24	23

	2021 £	2020 £
The aggregate remuneration comprised:		
Wages and salaries	1,605,037	1,378,866
Social security costs	199,609	165,871
Other pension costs (note 13)	280,197	178,821
	2,084,843	1,723,558

5 Interest payable and similar expenses

	2021 £	2020 £
Trade/financial loss	15,844	45,818
Trade/financial gain	(78,912)	(18,476)
	(63,068)	27,342

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Tax on Profit

	2021 £	2020 £
Tax expense included in profit or loss		
Current tax:		
Corporation tax on profits for the year	140,258	114,198
Deferred tax charge	-	-
Total tax charge on profit	140,258	114;198

Tax expense for the year is lower (2019: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below:

	2021 £	2020 £
Profit before taxation	738,833	716,425
Tax on profit at standard UK corporation tax rate of 19% (2020:19%)	140,378	136,121
Effects of:		
Expenses not deductible for tax purposes	(120)	(21,923)
Total current tax charge for the year	140,258	114,198

However note that the Finance (No.2) Bill 2019-21 was published on 11 March, and completed its scrutiny in the House of Commons on 24 May 2021. The Finance Act 2021 received Royal Assent on 10 June 2021 – thus 25% substantively enacted at the balance sheet date for 2021.

7 Property, plant & equipment

	Leasehold improvements	Furniture and fittings	Computer Equipment	Diagnostic Instruments	Total
	£	£	£	£	£
Cost					
At 1 January 2021	20,132	29,635	73,739	1,286,132	1,409,638
Additions	-	-	9,833	214,365	224,198
Disposals	-	-	-	-	-
At 31 December 2021	20,132	29,635	83,572	1,500,497	1,633,836
Accumulated Depreciation					
At 1 January 2021	20,132	29,635	46,938	679,255	775,960
Charge for the year	-	-	9,411	288,441	297,852
Disposals	-	-	-	-	-
At 31 December 2021	20,132	29,635	56,349	967,696	1,073,812
Net book amount					
At 31 December 2020	-	-	26,801	606,877	633,678
At 31 December 2021	-	-	27,223	532,801	560,024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Intangible assets

The balance sheet shows the following amounts relating to intangible assets:

	Software
Cost	
At 1 January 2021 and 31 December 2021	10,949
Accumulated Depreciation	
At 1 January 2021	3,392
Charge for the year	2,189
At 31 December 2021	5,581
Net book amount	
At 31 December 2020	7,557
At 31 December 2021	5,368

9 Right-of-use assets

The balance sheet shows the following amounts relating to car leases:

Cost	£
At 1 January 2021	285,996
Additions	112,677
Disposals	(63,752)
At 31 December 2021	334,921
Accumulated Depreciation	
At 1 January 2021	121,858
Charge for the year	107,180
Disposals	(63,752)
At 31 December 2021	165,286
Net book amount	
At 31 December 2020	164,138
At 31 December 2021	169,635

Lease liability amounts falling due within one year £80,447 (2020: £77,217) and amounts falling after one year £64,121 (2020: £65,125).

The total cash outflow for leases was £104,087 (2020: £95,653).

The income statement includes an interest expense relating to leases of £3,192 recognised within administrative expenses (2020: £3,380).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Inventories

	2021	2020
	£	£
Spare parts	175,818	182,294
Finished goods	245,084	1,560,779
	420,902	1,743,073

An amount of £46,816 is recognised as a provision for impairment as at 31 December 2021 (£ 33,742 as at 31 December 2020). There is no significant difference between the replacement cost of finished goods and spare parts and their carrying amounts.

11 Trade and other receivables

	2021	2020
	£	£
Trade receivables	2,284,567	1,867,428
Amount owing from group companies - Trading	3,190,289	2,386,396
Other debtors	19,362	17,362
Prepayments	71,656	38,428
	5,565,874	4,309,614

There are no provisions for impairment of trade receivables (2020: £nil).

Amounts owing from group companies are unsecured, interest free, have no fixed dates of repayment and are repayable on demand.

12 Creditors (amounts falling due within one year)

	2021	2020
	£	£
Other creditors	62,777	575
Amount owed to group companies - Trading	3,671,905	3,584,678
Lease liability (note 9)	80,447	77,217
Social security	109,708	58,682
VAT Payable	692,027	1,103,637
Corporation tax	51,957	57,605
Deferred Tax Liability	13,963	13,963
Cash overdraft	18,093	-
Accruals and deferred income	595,999	649,157
	5,296,876	5,545,514

Amounts owed to group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Post-employment benefits

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 £280,197 (2020: £178,821). There are no outstanding pension contributions at the year-end (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Share capital

	2021	2020
	£	£
Authorised		
1,000 (2020: 1,000) ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
500 (2020: 500) ordinary shares of £1 each	500	500

All shares rank pari passu in all respects. A dividend was approved and paid during the year totalling £500,000 (2020: £1,200,000).

15 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 financial statements 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.

16 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. See note 3 for disclosure of the director's remuneration. There were no other transactions with related parties.