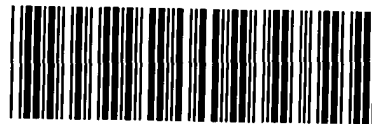


Company registered no: 03194792

Advanced Bionics UK Limited
Annual Report and Financial Statements
for the year ended 31 March 2018

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Advanced Bionics UK Limited

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Advanced Bionics UK Limited

Board of directors and advisers

Directors

Marta Neto
Tiziano Caldera

Company Secretary

Tim Clark
Christine Lutz

Company number

03194792

Registered office

Sonova House
Lakeside Drive
Centre Park
Warrington
WA1 1RX

Bankers

Deutsche Bank (AG) London
6 Bishopsgate
London
EC2N 4DA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
No 1 Hardman Street
Manchester
M3 3EB

Advanced Bionics UK Limited

Strategic report for the year ended 31 March 2018

The directors present their Strategic report for the year ended 31 March 2018.

Principal activities

The principal activities of the Company is to provide Cochlear Implants and accessories to a range of hospitals throughout the United Kingdom.

Business review

Fair review of the business

We aim to provide a balanced and comprehensive review of the business performance during the year and of its financial position at the year end. The trading results of the year and the Company's financial position at the year end are shown in the financial statements.

The Company's key financial and other performance indicators during the year were as follows:

	16	2017	2016
Revenue growth	%		%
Revenue	£000	8,338	8,220
Profit/(loss) before income tax	£000	22	(46)

Given the straightforward nature of the business, the directors' are of the opinion that analysis using non-financial KPIs is not necessary for an understanding of the development, performance or position of the entity.

Principal risks and uncertainties

The principal risks affecting the business are the trading relationships with the hospitals throughout the United Kingdom. All intercompany transactions are unsecured, interest free and are repayable on demand.

Financial instruments

Objectives and policies

The company's financial position is managed using principally short term creditors and intercompany balances to maintain appropriate liquidity.

Price risk, credit risk, liquidity risk and cash flow risk

The terms of the agreements between the company and its fellow group undertakings are such that there are not considered to be significant price, credit, liquidity or cash flow risks. There are also no concerns over the trading relationships with the hospitals within the United Kingdom.

Advanced Bionics UK Limited

Strategic report for the year ended 31 March 2018 (continued)

Future Outlook

2018/19 has continued the momentum of 2017/18.

Successful product launches have supported growth and helped us increase market share in many accounts.

Unique solutions like the Naida LINK and the Naida LINK CROS allows us to position AB ahead of the game in terms of what we offer to the users and the uptake of these products has been hugely impressive.

The recent limited release of our new electrode HiFocus Slim J has also opened new markets for AB where we weren't considered an option before. We estimate that this new electrode will allow us to grow market share on the Electro Acoustic space but also on the Paediatric market. Initial feedback from the limited release is incredibly positive and we are confident that this will help our continued growth for the coming new financial year.

We continue to focus on direct to consumer initiatives as we believe that this raises the level of support to candidates going through the journey and increases Sonova brand awareness throughout the process.

We are also investing on the Rehabilitation space so we ensure we offer a complete portfolio of support solutions to patients and professionals.

In summary, these are exciting times for AB in the UK and we are confident that the pace of innovation that we are delivering will support our growth for the coming years.

Approved by the Board on *21 December*
2018 and signed on its behalf by



Marta Neto
Director



Tim Clark
Company Secretary

Advanced Bionics UK Limited

Directors' report for the year ended 31 March 2018

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

Dividends

No dividends have been paid in the year (2017: £nil). The directors do not propose a dividend in respect of the year ended 31 March 2018.

Political contributions

There were no political donations made during the year.

Financial risk management

Please refer to the strategic report on page 2.

Directors of the Company

The directors who held office during the year and up to the date of signing the financial statements are set out below;

Marta Neto
Tiziano Caldera

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 102, 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.

Advanced Bionics UK Limited

Directors' report for the year ended 31 March 2018 (continued)

Directors' confirmations

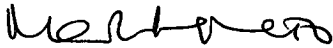
In the case of each director in office at the date the Directors' Report is approved:

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

Approved by the Board on 21 December 2018 and signed on its behalf by:



Marta Neto
Director



Tim Clark
Company Secretary

Registered number: 03194792

Independent auditors' report to the members of Advanced Bionics UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Advanced Bionics UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018 and the statement of income and retained earnings 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 when:

- 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 Strategic Report and 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.

Independent auditors' report to the members of Advanced Bionics UK Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 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 Strategic Report and 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 the Directors' Responsibilities set out on page 4, 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.

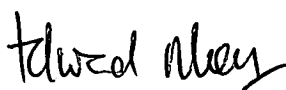
Other required reporting

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.


Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
Date: 21 Dec 2018

Advanced Bionics UK Limited

Statement of income and retained earnings for the year ended 31 March 2018

	Note	31 March 2018 £000	31 March 2017 £000
Revenue	4	8,338	8,220
Cost of sales		(6,180)	(6,502)
Gross profit		2,158	1,718
Administrative expenses		(1,904)	(1,759)
Operating Profit/(Loss)	5	254	(41)
Finance costs	8	(2)	(5)
Profit/(Loss) before income tax		252	(46)
Tax on Profit/(Loss)	9	(62)	12
Profit/(Loss) for the year	14	190	(34)
Retained earnings at 1 April		703	737
Retained earnings at 31 March		893	703

All results are generated from continuing operations.

The Company has no recognised gains or losses for the year other than the results above. As such, no separate statement of comprehensive income has been presented.

There are no material differences between the profit/(loss) before income tax and the profit/(loss) for the years stated above and their historical cost equivalents.

The notes on pages 10 to 21 form an integral part of these financial statements.

Advanced Bionics UK Limited

Balance sheet as at 31 March 2018

	Note	31 March 2018 £'000	31 March 2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	29	25
		<u>29</u>	<u>25</u>
Current assets			
Debtors	12	2,373	1,691
Cash and cash equivalents		6	62
		<u>2,379</u>	<u>1,753</u>
Total assets		<u>2,408</u>	<u>1,778</u>
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year	13	(1,515)	(1,075)
		<u>(1,515)</u>	<u>(1,075)</u>
Net current assets		<u>864</u>	<u>678</u>
Total assets less current liabilities		<u>893</u>	<u>703</u>
Net assets		<u>893</u>	<u>703</u>
Equity			
Ordinary shares	14	-	-
Retained earnings		893	703
Total equity	15	<u>893</u>	<u>703</u>

21/12/2018

The notes on pages 10 to 21 were approved by the Board on

and signed on behalf by:



Marta Neto
Director



Tim Clark
Company Secretary

Company registered number: 03194792

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018

1 General information

Advanced Bionics UK Limited is a private company limited by shares and it is incorporated in United Kingdom. The address of its registered office is Sonova House, Lakeside Drive, Centre Park, Warrington WA1 1RX. The registration number of the Company is 03194792.

The principal activity of the Company during the year under review was to provide Cochlear implants and accessories to a range of hospitals throughout the United Kingdom.

2. Statement of compliance

The financial statement of Advanced Bionics UK Limited have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standards 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company has also early adopted the Amendments to FRS 102 (issued in July 2015).

3. Summary of significant accounting policies

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

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in "Critical accounting judgements and key source of estimation uncertainty" included within this note.

Going concern

After reviewing the Company's forecasts, 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 its financial statements.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

3. Summary of significant accounting policies (continued)

Foreign currency

i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling rounded in thousands.

ii) Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

At the end of each period foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings.

Revenue

Revenue represents amounts chargeable, net of value added tax, in respect of the provision of services to customers in the period. Revenue is recognised when the service is performed, relates to the Company's principal activity and all arises in the UK.

Employee benefits

The Company provides a range of benefits to employees, including defined contribution pension plan.

i) Short term benefits

Short term benefits, including non-monetary benefits are recognised as an expense in the period in which the service is received.

ii) Defined contribution pension scheme

The Company operates a defined contribution pension scheme. Contributions are recognised in the statement of income and retained earnings in the period in which they become payable in accordance with the rules of the scheme.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

3. Summary of significant accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

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.

ii) Deferred tax

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

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use including dismantling and restoration costs if any.

Depreciation on property, plant and equipment is provided on a straight line basis so as to write off the cost less any estimated residual value, of each asset by equal annual instalment over its useful economic life as follows:

Asset class	Depreciation method and rate
Fixtures & Fittings	between 5 and 10 years straight line
Office equipment	between 3 and 10 years straight line
Short leasehold land and buildings	between 3 and 10 years straight line

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

3. Summary of significant accounting policies (continued)

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of income and retained earnings.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of income and retained earnings.

Hire purchase and leasing

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Lease that do not transfer all the risks and rewards of ownership are classified as operating lease. Rentals payable under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

Lease incentive

Incentives received to enter into an operating lease are credited to the statement of income and retained earnings, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the statement of income and retained earnings over the period to the first review date on which the rent is adjusted to market rates.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

3. Summary of significant accounting policies (continued)

Financial instruments

The Company has chosen to adopt the recognition and measurement provisions of IAS 39 and disclosure requirements of sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company classifies its financial assets and liabilities in the following categories: at fair value through profit or loss, and measured at amortised cost. The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

(i) *Classification*

(a) *Financial assets and liabilities at fair value through profit or loss*

Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset and liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets and liabilities in this category are classified as current assets and liabilities if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) *Measured at amortised cost*

Receivables, payables and loans due to/from related undertakings are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current assets and liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets and liabilities.

(ii) *Recognition and Measurement*

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the statement of income and retained earnings. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of income and retained earnings within interest income or expenses in the period in which they arise. The Company does not hold any derivative financial instruments.

(iii) *Impairment*

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 income and retained earnings. If there is 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 the statement of income and retained earnings.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

3. Summary of significant accounting policies (continued)

Financial instrument (continued)

(iv) De-recognition

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(v) Offsetting

Financial assets and liabilities are offset and 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.

Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Future amendments to FRS 102

There aren't any further disclosures in connection with amendments to FRS 102 or FRC abstracts that have an effect on the current period, prior period or future period as required by paragraph 10.13 of FRS 102.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

4. Revenue

The revenue and profit/(loss) before income tax are attributable to the one principal activity of the Company.

An analysis of revenue by geographical market is given below:

	2018 £'000	2017 £'000
UK and Ireland	8,338	8,220
	<u>8,338</u>	<u>8,220</u>

5. Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2018 £000	2017 £000
Operating leases charges	105	111
Depreciation of owned assets	<u>12</u>	<u>11</u>

6. Auditors' remuneration

	2018 £000	2017 £000
Audit of the financial statements	15	13
Other services	<u>1</u>	<u>27</u>
	<u>16</u>	<u>40</u>

7. Particulars of employees

The average monthly number of persons employed by the Company (including directors) during the year analysed by category was as follows:

	2018 No.	2017 No.
Administration and support	<u>18</u>	<u>15</u>

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

7. Particulars of employees (continued)

The aggregate payroll costs were as follows:

	2018 £000	2017 £000
Wages and salaries	665	588
Social security costs	209	192
Other pension costs	68	63
	<u>942</u>	<u>843</u>

8. Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £000	2017 £000
Remuneration	187	142

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Accruing benefits under money purchase pension scheme	2	1

9. Finance costs

	2018 £000	2017 £000
Interest payable and similar expenses	<u>2</u>	<u>5</u>

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

10. Tax on profit/(loss)

	2018 £000	2017 £000
Current tax		
Corporation tax charge/(credit)	62	(12)
Adjustments in respect of previous years	-	-
UK Corporation tax	<u>62</u>	<u>(12)</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit/(loss)	<u>62</u>	<u>(12)</u>

Factors affecting tax charge/(credit) for the year

Tax on profit/(loss) on ordinary activities for the year is same as 2018 the standard rate of corporation tax in the UK of 19% (2017: same as 20%).

The differences are reconciled below:

	2018 £000	2017 £000
Profit/(loss) before income tax	252	(46)
Tax on profit/(loss) at standard UK rate (19%)	48	(9)
Effects of:		
Deferred tax not provided	(8)	-
Adjustment in respect of previous periods	22	-
Expenses not deductible for tax purposes	-	(3)
Total tax charge/(credit)	<u>62</u>	<u>(12)</u>

Factors that may affect future tax charges

Changes to the UK corporation tax rate were enacted as part of the Finance Act 2013. These included reductions to the main rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

Further changes to the UK corporation tax rates were enacted as part of the Finance (No.2) Act 2015 which received Royal Assent on 18 November 2015. These include reductions in the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These changes will reduce the company's future tax charge accordingly.

The 2016 Budget included a further reduction in the rate, to 17% from 1 April 2020. As this last change had not been substantively enacted at the balance sheet date its effects are not included in

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

10. Tax on profit/(loss) (continued)

Factors that may affect future tax charges (continued)

These financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would not be material.

11. Property, plant and equipment

	Short leasehold land and buildings	Fixtures & fittings	Office equipment	Total
	£000	£000	£000	£000
Cost				
At 1 April 2017	13	26	129	168
Additions	-	-	16	16
At 31 March 2018	13	26	145	184
Accumulated Depreciation				
At 1 April 2017	13	26	104	143
Charge for the year	-	-	12	12
At 31 March 2018	13	26	116	155
Net book value				
At 31 March 2018	-	-	29	29
At 31 March 2017	-	-	25	25

12. Debtors

	2018 £000	2017 £000
Trade receivables	1,826	1,423
Amounts owed by group undertakings	485	128
Corporation Tax	-	20
Other Taxes and Social Security	-	44
Prepayments and accrued income	62	76
	2,373	1,691

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

13. Creditors: amounts falling due within one year

	31 March 2018 £000	31 March 2017 £000
Trade payables	15	59
Amounts owed to group undertakings	960	400
Corporation tax	52	-
Other taxation and social security	35	-
Accruals and deferred income	453	616
	<u>1,515</u>	<u>1,075</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

14. Ordinary shares

Issued, allotted, called up and fully paid shares

	31 March 2018		31 March 2017	
	Nb	£000	Nb	£000
100 Ordinary shares of £1 each	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of capital and the repayment of capital.

15. Reconciliation of movements in total equity

	2018 £000	2017 £000
Profit/(Loss) for the financial year	190	(34)
Opening total equity	<u>703</u>	<u>737</u>
Closing total equity	<u>893</u>	<u>703</u>

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

16. Related party transactions

The Company has taken the advantage of the exemption provided by Section 33.1A of FRS 102 from disclosing related party transactions with the wholly owned entities.

17. Commitments

As at 31st March the Company had the following minimum lease payments under non-cancellable operating lease for each of the following periods

	31st	31
	2018	2017
	£000	£000
Payments due		
Not later than one year	-	
Later than one year and not later than five years	5	
Later than five years	-	
	<hr/>	<hr/>

18. Ultimate controlling party

The immediate parent company is Advanced Bionics SARL a company registered in France. The ultimate controlling party is Sonova Group AG, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of its group financial statements, which include the Company, are available from Sonova Holding AG, Laubisrütistrasse 28, 8712 Stäfa, Switzerland.