

InHealth Echotech Limited

Directors' Report and Financial Statements for the Year Ended 30 September 2017

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Company Information

Directors:	R J Bradford A S L Cummings
Registered Office:	Beechwood Hall Kingsmead Road High Wycombe Buckinghamshire HP11 1JL
Registered Number:	04176884 (England and Wales)
Auditor:	KPMG LLP Altius House One North Fourth Street Milton Keynes MK9 1NE
Bankers:	Bank of Scotland 4 th Floor 25 Gresham Street London EC2V 7HN

Directors' Report

The Directors present their report and audited Financial Statements for the Company for the year ended 30 September 2017.

Principal activity

The principal activity of the Company is the provision of high quality community based echocardiography services to NHS patients across the UK, relying on very experienced staff and state of the art diagnostic equipment. The Company also performs echocardiograph procedures for the MOD in relation to their new recruit screening.

Business review

Revenue for the year was £2.8 million (2016: £2.9 million) generating an operating loss of £0.1 million (2016: £0.1 million).

Proposed dividend

The Directors do not recommend the payment of a dividend (2016: £nil).

Directors

The Directors who held office during the year were as follows:

R J Bradford
A S L Cummings

Political donations

The Company made no political donations (2016: £nil).

Employees

Our people are central to our success in both delivering existing business and winning new contracts. Investment in our people and in building the right working environment will continue to be a priority. As part of the InHealth Group, the Company holds Gold accreditation with Investors In People and employs 34 highly skilled and trained professionals with many years of experience working within the health sector.

The Board remains grateful for the contributions made by all individuals.

Employee involvement

The Company's policy is to consult with employees on matters likely to affect the employees' interests. Information on matters of concern to employees is given through information bulletins and reports, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Employment of disabled people

It is the Company's policy that disabled people are given the same consideration as other applicants for all job vacancies for which they offer themselves as suitable candidates. Similarly, the Group's policy is to continue to employ and train employees who have become disabled, wherever possible.

Every effort has been made to ensure that line managers fully understand that disabled people must have the prospects and promotional opportunities that are available to other employees. The Company makes appropriate modifications to procedures and equipment where it is practical and safe to do so.

Directors' Report *(continued)*

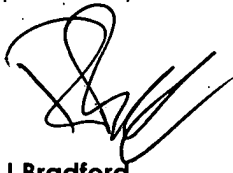
Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'R J Bradford', written over a horizontal line.

R J Bradford
Director
30 January 2018

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INHEALTH ECHOTECH LIMITED

Opinion

We have audited the Financial Statements of InHealth Echotech Limited ("the Company") for the year ended 30 September 2017 which comprise the Profit and Loss account and Other Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the Financial Statements. We have nothing to report in these respects.

Directors' report

The Directors are responsible for the Directors' Report. Our opinion on the Financial Statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the Financial Statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INHEALTH ECHOTECH LIMITED *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the Financial Statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

C. Anderson

Charlotte Anderson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Altius House

One North Fourth Street

Milton Keynes

MK9 1NE

Date: 6.2.18

Profit and Loss Account and Other Comprehensive Income

for the year ended 30 September 2017

	Note	2017 £000	2016 £000
Revenue	2	2,754	2,918
Cost of sales		(2,421)	(2,184)
Gross profit		333	734
Administrative expenses	3	(462)	(820)
Operating loss		(129)	(86)
Other interest receivable and similar income	5	-	1
Loss on ordinary activities before taxation		(129)	(85)
Tax on loss on ordinary activities	6	(17)	14
Loss and total comprehensive loss for the year		(146)	(71)

All activities are classified as continuing.

Balance Sheet at 30 September 2017

	Note	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	7		80		102
			<u>80</u>		<u>102</u>
Current assets					
Debtors	9	3,043		919	
Cash at bank and in hand		94		150	
		<u>3,137</u>		<u>1,069</u>	
Creditors: amounts falling due within one year	10	<u>(2,930)</u>		<u>(738)</u>	
Net current assets			<u>207</u>		<u>331</u>
Total assets less current liabilities			<u>287</u>		<u>433</u>
Net assets			<u>287</u>		<u>433</u>
Capital and reserves					
Called up share capital	11		1		1
Share premium account			50		50
Profit and loss account			236		382
Shareholders' funds			<u>287</u>		<u>433</u>

These Financial Statements were approved by the Board of Directors on 30 January 2018 and were signed on its behalf by:



R J Bradford
 Director

Company registration number: 04176884

Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2015	1	50	453	504
Total comprehensive loss for the year	-	-	(71)	(71)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2016	1	50	382	433
Total comprehensive loss for the year	-	-	(146)	(146)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2017	1	50	236	287
	<hr/>	<hr/>	<hr/>	<hr/>

Notes

(forming part of the Financial Statements)

1 Accounting policies

InHealth Echotech Limited is a private company incorporated, domiciled and registered in the UK. The registered number is 04176884 and the registered address is Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.

These Financial Statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 cycle) issued in July 2015 and effective immediately have been applied.

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent company, InHealth UK Holdings Limited includes the Company in its consolidated Financial Statements, which are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets; and
- Disclosures in respect of transactions with wholly owned subsidiaries.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

The Financial Statements are prepared on the historical cost basis.

1.1 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Principal activities section of the Directors' Report on page 2.

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. In order to finance the working capital and capital investment, the Company's immediate parent undertaking InHealth Limited has provided written confirmation that it will for at least 12 months from the date of approval of these Financial Statements continue to make available such funds as are needed by the Company and in particular will not seek repayment of amounts currently made available. The Directors believe that these banking arrangements will continue for the foreseeable future.

On the basis of their assessment of the Company's financial position and of the enquiries made by the Directors of InHealth Limited, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Notes (continued)

1 Accounting policies (continued)

1.2 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.3 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Short term leasehold improvements over the term of the lease
- Plant and equipment 4 to 10 years straight line
- Fixtures and fittings 3 to 6 years straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.4 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.5 Revenue

Revenue consists of sales for provision of diagnostic and healthcare solutions at invoiced values exclusive of value added tax and trade discounts.

Revenues are recognised once the realisation of the consideration is reasonably assured and the provision of services is substantially complete with respect to the delivery of the specific product or performance of the related service. This will normally be the case when there are no material uncertainties or performance duties outstanding which could prevent the Company from enforcing the sales transaction and collectability is reasonably assured.

Notes (continued)

1.6 Expenses

Operating lease payments

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Revenue

	2017	2016
	£000	£000
Provision of services	2,754	2,918
	<hr/>	<hr/>

All revenue is generated within the UK.

Notes (continued)

3 Expenses and auditor's remuneration

Included in the profit and loss account are the following:

	2017 £000	2016 £000
Hire of other assets – operating lease	110	111
Depreciation of tangible fixed assets	24	14
	<hr/>	<hr/>

Auditor's remuneration:

	2017 £000	2016 £000
Audit of these Financial Statements	8	8
	<hr/>	<hr/>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's Financial Statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated Financial Statements of the Company's ultimate parent company.

4 Staff numbers and costs

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

	Number of employees	
	2017	2016
Operations	20	27
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	1,447	1,583
Social security costs	143	163
Contributions to defined contribution plans	47	41
	<hr/>	<hr/>
	1,637	1,787
	<hr/>	<hr/>

All Directors' remuneration was borne by InHealth Limited during the year. The notional cost of Directors to the Company was £4,000 (2016: £4,000) during the year. None of the Directors received any remuneration from the Company during the current or prior year.

Notes (continued)

5 Other interest receivable and similar income

	2017 £000	2016 £000
Total interest receivable on financial assets	-	1

6 Taxation

Recognised in the profit and loss account

	2017 £000	2016 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Adjustments in respect of prior periods	-	-
Current tax expense/(credit)	-	-
<i>Deferred tax (see note 8)</i>		
Origination and reversal of temporary differences	(3)	(14)
Adjustments in respect of prior periods	20	-
Total deferred tax	17	(14)
Tax on loss on ordinary activities	17	(14)

Reconciliation of effective tax rate

	2017 £000	2016 £000
Loss for the year	(146)	(71)
Total tax expense/(credit)	17	(14)
Loss excluding taxation	(129)	(85)
Tax using the UK corporation tax rate of 19.5% (2016: 20%)	(25)	(17)
Group relief surrendered	21	-
Expenses not deductible for tax purposes	1	-
Prior year adjustment - deferred tax	20	-
Adjust closing deferred tax to average rate of 19.5%	-	3
Total tax charge/(credit) for the period	17	(14)

Notes (continued)

6 Taxation (continued)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 30 September 2017 has been calculated based on these rates.

7 Tangible fixed assets

	Plant and equipment £000	Fixtures & fittings £000	Total £000
Cost			
Balance at 1 October 2016	153	11	164
Additions	2	-	2
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2017	155	11	166
	<hr/>	<hr/>	<hr/>
Depreciation and impairment			
Balance at 1 October 2016	51	11	62
Depreciation charge for the year	24	-	24
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2017	75	11	86
	<hr/>	<hr/>	<hr/>
Net book value			
At 1 October 2016	102	-	102
	<hr/>	<hr/>	<hr/>
At 30 September 2017	80	-	80
	<hr/>	<hr/>	<hr/>

8 Deferred tax asset and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £000	Assets 2016 £000	Liabilities 2017 £000	Liabilities 2016 £000	Net 2017 £000	Net 2016 £000
Tangible fixed assets	-	-	-	(1)	-	(1)
Unused tax losses and credits	-	18	-	-	-	18
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	18	-	(1)	-	17
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Debtors

	2017 £000	2016 £000
Trade debtors	360	332
Amounts owed by group undertakings	2,640	523
Prepayments and accrued income	41	47
Deferred tax asset (see note 8)	-	17
Other debtors	2	-
	<hr/>	<hr/>
Amounts falling due within one year	3,043	919
	<hr/>	<hr/>

10 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	74	113
Amounts owed to group undertakings	2,595	292
Taxation and social security	23	25
Accruals and deferred income	238	308
	<hr/>	<hr/>
	2,930	738
	<hr/>	<hr/>

11 Called up share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
560 Ordinary "A" shares of £1 each	1	1
1 ordinary "B", "C", "D" and "E" shares of £1 each	-	-
	<hr/>	<hr/>

Notes (continued)

12 Financial instruments

Financial risk management

Management continually monitor the credit risk, liquidity risk and market risk affecting the business and its financial assets and liabilities.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

Credit risk, liquidity risk and market risk are not considered material for the Company. These financial risks are considered on a consolidated basis in the Company's ultimate parent company's consolidated Financial Statements.

13 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	37	14
Between one and five years	35	97
More than five years	-	14
	<hr/>	<hr/>

14 Ultimate parent undertaking and parent company of larger group

The ultimate parent undertaking and controlling party is the Damask Trust, the Trustees of which are I H Bradbury and The Embleton Trust Corporation Limited.

The largest Group in which the results of the Company are consolidated is that headed by InHealth UK Holdings Limited, which is incorporated in England and Wales. The smallest Group in which the results of the Company are consolidated is that headed by InHealth Group Limited, which is incorporated in England and Wales. The consolidated Financial Statements of these groups are available to the public and may be obtained from Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.