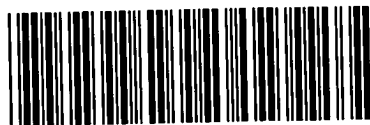


Registered Number: 05208634

Zimmer U.K. Limited
Annual report and financial statements
for the year ended 31 December 2018

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Zimmer U.K. Limited

Annual report and financial statements For the year ended 31 December 2018

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Officers and professional advisers

Directors

B Vendelboe
S Orange
J Sahni

Company secretary

B Vendelboe

Registered office

The Courtyard
Lancaster Place
South Marston Park
Swindon
Wiltshire
SN3 4FP

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

Strategic report for the year ended 31 December 2018

The directors present their strategic report on the company for the year ended 31 December 2018.

Review of the business

The company operated as a holding company during the financial year.

During the year, a restructuring exercise took place which resulted in the dissolution of a subsidiary, Biomet Acquisitions, and the addition of a fellow group subsidiary, Biomet UK Limited. These transactions also resulted in a number of intercompany loans being restructured and increased level of dividends being received during the year.

As a result of the above restructuring, the reserves of the company's subsidiary undertakings have been reduced giving rise to an indicator that the carrying value of the investments are impaired. As a result, it has been necessary to perform an impairment review. The investment in Biomet UK Healthcare Limited has been impaired by £33,143,000 to a value of £8,757,000. The investment in Biomet UK Limited has been impaired by £22,498,372 to a value of £68,402,101. Further details can be found in note 10.

In addition, income from shares in group undertakings (the key performance indicator) of the company increased from £662,000 to £93,236,000. The amount associated with the loan restructuring resulted in income of £91,577,000. The profit before taxation increased to £23,247,000 (2017: loss of £809,000).

The external commercial environment is expected to remain competitive in 2019 and beyond. However, the directors expect continuing growth in the business of its subsidiaries in the future which will support future dividend income.

Performance and position of the business

The company's profit for the financial year was £23,523,000 (2017: loss of £526,000).

The balance sheet for the company shows net assets of £80,142,000 (2017: £56,619,000).

Key Performance Indicators

Locally, progress is monitored via growth in Income from shares in group undertakings compared to the prior year. Performance is shown below with prior year. Performance is shown below with prior year comparatives expressed as %.

	2018	2017
Growth in Income from shares in group undertakings (Adjusted to exclude income relating to loan restructuring)	151%	17%

Principal risks and uncertainties

The principal risks and uncertainties that might affect the Company are linked to the principal risks that face our trading subsidiaries, upon which we rely to support the value of our balance sheet.

As this is a holding company, the directors have assessed that there are no specific principal risks faced by the company.

On behalf of the Board



B Vendelboe
Director

10th December 2019

Directors' report for the year ended 31 December 2018

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

Principal activities

The company operates as a holding company.

Results and dividends

The results for the financial year are shown in the statement of total comprehensive income account on page 9.

The company's profit for the financial year was £23,523,000 (2017: loss of £526,000). The directors do not recommend the payment of a dividend (2017: £nil).

Directors

The directors who held office during the financial year and up to the date of signing the financial statements are given below:

B Vendelboe
S Orange
J Sahni

The directors have the benefit of qualifying third party indemnity provisions for the purpose of section 234 of the Companies Act 2006. The qualifying third party indemnity provisions were in force during the financial year and also at the date of approval of the financial statements.

Future developments

The company plans to continue to hold investments and make future acquisitions in line with the strategic goals of the group.

Post balance sheet event

On 25th September 2019, the company completed a reduction of its share capital where by (i) the entire amount of the share premium account of £13,075,738 and (ii) 44,000,100 ordinary shares of £1 each were cancelled. The distributable reserves created by the reduction of capital amounted to £57,075,838.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, interest rate risk and liquidity risk.

Foreign exchange risk

The company has no significant exposure to movements in foreign exchange rates. The company's ultimate parent undertaking, Zimmer Biomet Holdings Inc. manages the foreign exchange rate risk associated with the whole group, as disclosed in the financial statements of that company, which are available as disclosed in note 14.

Liquidity risk

The company manages a liquidity position with the objective of maintaining the ability to fund commitments and repay liabilities in accordance with their required terms. The financing of operations is primarily achieved through Intercompany loans.

Directors' report for the year ended 31 December 2018 (continued)**Financial risk management (continued)*****Interest rate risk***

The company pays interest on intercompany borrowings at a rate of interest determined by the group and based upon GBP LIBOR, as disclosed in note 12. No financial instruments were used by the company during the financial year to manage interest rate costs, and therefore no hedge accounting has been applied.

Statement of directors' responsibilities

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 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 also 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.

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

Independent Auditors

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

On behalf of the board

A handwritten signature in black ink, appearing to read 'B Vendelboe', written in a cursive style.

B Vendelboe
Director
10th December 2019

Independent auditors' report to the members of Zimmer U.K. Limited**Report on the audit of the financial statements****Opinion**

In our opinion, Zimmer U.K. Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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 Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income, and 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

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of Zimmer U.K. Limited

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.

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 December 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 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.

Independent auditors' report to the members of Zimmer U.K. Limited

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.

Katherine Stent (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
11th December 2019

Statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Income from shares in group undertakings	10	93,236	662
Loss on disposal of subsidiary	10	(12,896)	-
Profit before interest and taxation		80,340	662
Amounts written off investments	10	(55,641)	-
Interest payable and similar expenses	8	(1,452)	(1,471)
Profit / (loss) before taxation		23,247	(809)
Tax on profit/(loss) for the year	9	276	283
Profit / (loss) for the financial year		23,523	(526)
Other comprehensive income		-	-
Total comprehensive income / (expense) for the financial year		23,523	(526)

Balance sheet as at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments	10	169,099	118,976
Current assets			
Debtors	11	459	429
Creditors: amounts falling due within one year	12	(252)	-
Net current assets		207	429
Total assets less current liabilities		169,306	119,405
Creditors: amounts falling due after more than one year	12	(89,164)	(62,786)
Net assets		80,142	56,619
Capital and reserves			
Called up share capital	13	44,000	44,000
Share premium account		13,076	13,076
Retained earnings/(Accumulated losses)		23,066	(457)
Total equity		80,142	56,619

The notes on pages 12 to 20 are an integral part of these financial statements.

The financial statements on pages 9 to 20 were approved by the board of directors on 10th December 2019 and were signed on its behalf by:



B Vendelboe
Director

Registered Number: 05208634

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital £'000	Share premium account £'000	Retained earnings / (Accumulated losses) £'000	Total equity £'000
Balance as at 1 January 2017	44,000	13,076	69	57,145
Loss for the financial year	-	-	(526)	(526)
Total comprehensive expense for the year	-	-	(526)	(526)
Balance as at 31 December 2017	44,000	13,076	(457)	56,619
Balance as at 1 January 2018	44,000	13,076	(457)	56,619
Profit for the financial year	-	-	23,523	23,523
Total comprehensive income for the year	-	-	23,523	23,523
Balance as at 31 December 2018	44,000	13,076	23,066	80,142

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

1 General Information

Zimmer U.K. Limited operated as a holding company during the financial year.

The company is a private company limited by shares and is incorporated in the United Kingdom and domiciled in England. The address of its registered office is The Courtyard, Lancaster Place, South Marston Park, Swindon, Wiltshire, SN3 4FP.

2 Statement of compliance

The individual financial statements of Zimmer U.K. Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Ireland" ("FRS 102") and the Companies Act 2006.

3 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. The company has adopted FRS 102 in these financial statements.

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention.

The preparation of the financial statements in conformity FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's 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 note 4.

Exemptions for qualifying entities under FRS 102

The Directors have opted to report under FRS 102 reduced disclosure framework which allows a qualifying entity certain disclosure exemptions. The Company has therefore exempted from the following:

- a) presenting a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Zimmer Biomet Holdings Inc., includes the company's cash flow in its own consolidated financial statements;
- b) disclosing certain financial instruments;
- c) disclosing key management personnel compensation; and
- d) disclosing related party transactions entered into between two or more members of Zimmer Biomet Holdings Inc. group.

The shareholders have been notified of the disclosure exemptions and have not objected to their use.

Notes to the financial statements for the year ended 31 December 2018 (continued)**3 Accounting policies (continued)****Consolidation**

The financial statements contain information about the company as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it and its subsidiary undertakings are included in the audited consolidated financial statements of Zimmer Biomet Holdings Inc. Zimmer Biomet Holdings Inc. is the parent undertaking of the smallest and largest group to consolidate these financial statements at 31 December 2018.

Copies of the consolidated financial statements of Zimmer Biomet Holdings Inc. can be obtained from:

The Company Secretary
Zimmer Biomet Holdings Inc.
345 East Main Street
Warsaw
Indiana 46580-0708
United States of America

Foreign currency**(a) Functional and presentation currency**

The company's functional and presentation currency is the pound sterling.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Notes to the financial statements for the year ended 31 December 2018 (continued)**3 Accounting policies (continued)****Taxation (continued)****(a) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the current 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 situation 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.

(b) Deferred tax

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that they are expected to apply to the reversal of the timing difference.

Fixed asset investments

Investments in subsidiary undertakings are stated in the balance sheet of the company at cost, less amounts written off where there has been an impairment in value.

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 the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) 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 cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a post-tax discount rate that represents the current market rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) 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 profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

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

Impairment of non-financial assets (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) 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 been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Share capital

Ordinary shares are classed 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.

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

4 Critical accounting judgements and estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of investments

The company makes an estimate of the recoverable value of investments. When assessing impairment of investments, the recoverable amount of the investments are 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 cash flows before interest and tax obtainable as a result of the investment. These cash flows are discounted using a post-tax discount rate that represents the current market rate and the risks inherent in the investment.

5 Auditors' remuneration

Auditors' remuneration in both financial years is borne by the subsidiary undertaking, Zimmer Biomet UK Ltd. No recharge is made to the Company and it is not possible to apportion the auditors' remuneration in respect of the Company.

6 Employee information

There were no employees in 2018 and 2017.

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

7 Directors' emoluments

Zimmer U.K. Limited shares common directors with its wholly owned subsidiary Zimmer Biomet UK Limited.

The costs associated with the service of the directors are borne by Zimmer Biomet UK Limited and can not be apportioned.

8 Interest payable and similar expenses

	2018 £'000	2017 £'000
Interest payable on loans from group undertakings	1,452	1,471

9 Tax on profit/(loss)

	2018 £'000	2017 £'000
Current tax		
UK corporation tax on profit/(loss) for the year	(276)	(283)
Total current tax credit	(276)	(283)
Total tax on profit/(loss)	(276)	(283)

There is no deferred tax, neither recognised nor unrecognised (2017: nil).

The tax assessed for the financial year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences in 2018 and 2017 are explained below:

	2018 £'000	2017 £'000
Profit / (Loss) before taxation	23,247	(809)
Profit / (Loss) before taxation multiplied by the standard rate of corporation tax of 19.00% (2017: 19.25%)	4,417	(156)
Tax effect of dividend income (not taxable)	(17,715)	(127)
Tax effect of impairments (not taxable)	10,572	-
Tax effect of loss on disposal of subsidiary	2,450	-
Total tax credit	(276)	(283)

In 2016, changes in UK corporation tax rate were substantively enacted to 17% from 1 April 2020.

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

10 Investments

	2018 £'000	2017 £'000
At 1 January	118,976	118,976
Additions	118,840	-
Impairment	(55,641)	-
Disposals	(13,076)	-
At 31 December	169,099	118,976
Analysed as		
Zimmer Biomet UK Limited	91,940	64,000
Biomet UK Healthcare Limited	8,757	41,900
Biomet Acquisitions	-	13,076
Biomet UK Limited	68,402	-
	169,099	118,976

Zimmer Biomet UK Limited

The company owns 100% of the equity share capital of Zimmer Biomet UK Limited (2017: 100%). Zimmer Biomet UK Limited is incorporated in the UK and the registered office address is The Courtyard, Lancaster Place, South Marston, Swindon, SN3 4FP.

During the year, the company acquired one additional share in Zimmer Biomet UK Limited for a value of £27,940,000.

During the year, dividends of £1,659,000 (2017: £662,000) were received from Zimmer Biomet UK Limited.

The directors believe that the carrying value of this investment is supported by its underlying net assets.

Biomet UK Healthcare Limited

The company owns 100% of the equity share capital of Biomet UK Healthcare Limited (2017: 100%). Biomet UK Healthcare Limited is incorporated in the UK and the registered office address is Waterton Industrial Estate, Bridgend, Mid Glamorgan, CF31 3XA.

During the year, a group restructuring exercise took place which resulted in a number of intercompany loans being restructured and increased level of dividends being received. As a consequence of these transactions, the reserves in the subsidiary Biomet UK Healthcare Limited have been reduced and it has been necessary to impair the investment in this subsidiary by £33,143,000 to £8,757,000 being its recoverable amount. This has been calculated based on a fair value less costs to sell.

During the year, dividends of £27,940,000 (2017: £nil) were received from Biomet UK Healthcare Limited.

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

10 Investments (continued)

Biomet Acquisitions

The company owned 100% of the equity share capital of Biomet Acquisitions (2017: 100%), until it was dissolved in August 2018. A loss of £12,896,317 was recognised on the dissolution of Biomet Acquisitions after assets amounting to £179,421 were transferred to the company.

Biomet Acquisitions was incorporated in the UK and the registered office address was Waterton Industrial Estate, Bridgend, Mid Glamorgan, CF31 3XA.

During the year, dividends of £21,736,785 (2017: £nil) were received from Biomet Acquisitions.

Biomet UK Limited

During the year, the company acquired 100% of the equity share capital of Biomet UK Limited for a consideration of £90,900,472.

After this acquisition, a group restructuring exercise took place which resulted in a number of intercompany loans being restructured and increased level of dividends being received during the year. As a consequence of these transactions, the reserves in the subsidiary Biomet UK Limited were reduced and it has been necessary to impair the investment in this subsidiary by £22,498,372 to £68,402,101 being its recoverable amount. This has been calculated based on a value in use basis.

The cash flows used in determining the value in use have been projected based on financial budgets and forecasts approved by management and a post-tax discount rate of 8.3% has been used.

Biomet UK Limited is incorporated in the UK and the registered office address is Waterton Industrial Estate, Bridgend, Mid Glamorgan, CF31 3XA.

During the year, dividends of £41,900,000 (2017: £nil) were received from Biomet UK Limited.

11 Debtors

	2018 £'000	2017 £'000
Group relief recoverable	276	429
Amounts owed by group undertakings	183	-
	459	429

All amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment and are repayable on demand.

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

12 Creditors

	2018 £'000	2017 £'000
Amounts owed to group undertakings (non-instalment)	89,416	62,786
Total	89,416	62,786
Less: Amounts falling due after more than one year		
Amounts owed to group undertakings	89,164	62,786
Total amounts falling due within one year	252	-

Amounts owed to group undertakings consist of the following unsecured loans:

A loan of £69,163,687 from Zimmer Gmbh. Under the term of the loan it is a non-instalment loan repayable by 31 December 2099. The interest rate applicable to this loan is 1.25%.

A loan of £17,000,000 from Zimmer Gmbh. Under the term of the loan it is a non-instalment loan repayable by 26 September 2025. The interest rate applicable to this loan is the lesser of (i) 12 month GBP LIBOR applicable for the 12 month interest period, based on deposits in GBP with a maturity comparable to such interest period, plus 1.475%, with such rate to reset annually on the first business day of each year until the principal hereof is finally paid and (ii) the maximum non-usurious interest rate that may be contracted for at any given time during which indebtedness shall be outstanding.

A loan of £3,000,000 from Zimmer Gmbh. Under the term of the loan it is a non-instalment loan repayable by 26 September 2025. The interest rate applicable to this loan is the lesser of (i) 12 month GBP LIBOR applicable for the 12 month interest period, based on deposits in GBP with a maturity comparable to such interest period, plus 1.475%, with such rate to reset annually on the first business day of each year until the principal hereof is finally paid and (ii) the maximum non-usurious interest rate that may be contracted for at any given time during which indebtedness shall be outstanding.

All other amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Called up share capital

	2018 £'000	2017 £'000
Authorised, allotted and fully paid		
44,000,101 ordinary shares of £1 each (2017: 44,000,101 ordinary shares of £1 each)	44,000	44,000
	44,000	44,000

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

Notes to the financial statements for the year ended 31 December 2018 (continued)**14 Immediate and ultimate parent undertaking and controlling party**

On 18th October 2018, the immediate parent company changed to Zimmer Gmbh (previously Zimmer Europe Holdings B.V).

At the year end and at the date of signing the financial statements the immediate parent company was Zimmer Gmbh.

The ultimate parent company and controlling party is Zimmer Biomet Holdings Inc., which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Zimmer Biomet Holdings Inc. is incorporated in the State of Indiana, United States of America. Consolidated financial statements for Zimmer Biomet Holdings Inc. can be obtained from the secretary, Zimmer Biomet Holdings Inc., 345 East Main Street, Warsaw, Indiana 46580-0708, United States of America.

15 Post balance sheet event

On 25th September 2019, the company completed a reduction of its share capital where by (i) the entire amount of the share premium account of £13,075,738 and (ii) 44,000,100 ordinary shares of £1 each were cancelled. The distributable reserves created by the reduction of capital amounted to £57,075,838.