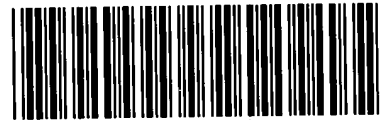


## **InHealth Molecular Imaging Limited**

Directors' Report and Financial Statements  
for the Year Ended 30 September 2016

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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:	06135533 (England and Wales)
Auditor:	KPMG LLP Altius House One North Fourth Street Milton Keynes MK9 1NE
Bankers:	Bank of Scotland 4 <sup>th</sup> 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 2016.

### **Principal activity**

The principal activity of the Company is the provision of healthcare services and solutions using Positron Emission Tomography (PET) CT scanning technologies. The business serves secondary care health service providers, specialist commissioners, the Department of Health, NHS England, Cancer Networks, and clinical referrers across the United Kingdom. It works predominantly with the NHS, as well as private healthcare providers ensuring the provision of a high quality cancer diagnostic service to patients. It also aims to widen the use of PET CT in other appropriate diagnostic areas such as neurology and cardiology. It provides skills, infrastructure, assets and process management, principally in the delivery of PET CT scans for oncology patients and for other conditions where PET CT is an applicable diagnostic tool. The Company has a reputation for delivering market-leading services over the course of long-term relationships and for providing best clinical practice, best value and best support to its customers.

### **Business review**

Revenue for the year for the Company was £2.0 million (2015: £15.2 million) generating an operating profit of £1.4 million (2015: £3.6 million).

The PET CT South contract came to an end at dates phased throughout 2016. A strategic review is currently ongoing regarding future market opportunities.

InHealth Molecular Imaging Limited has an established reputation for high quality service and a track record in the mobilisation of new services and provision of research capabilities in this field. The Company will continue to explore wider opportunities for growth as the emerging market for Healthcare enables opportunities where our skills and capabilities can offer efficiency and productivity benefits to our patients and customers.

### **Proposed dividend**

The Directors do not recommend the payment of a dividend (2015: £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 (2015: £nil).

### **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.

## **Directors' Report** (continued)

### **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:



**R J Bradford**

Director

Date

22 February 2017

## **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 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 year. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and 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; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They have general responsibilities for taking such steps as are reasonably open 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 MOLECULAR IMAGING LIMITED**

We have audited the Financial Statements of InHealth Molecular Imaging Limited for the year ended 30 September 2016 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice, including FRS 101 *Reduced Disclosure Framework*).

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.

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the Financial Statements**

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on Financial Statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INHEALTH MOLECULAR IMAGING LIMITED** *(continued)*

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

*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: 23.2.17



**Profit and Loss Account and Other Comprehensive Income**  
 for the year ended 30 September 2016

	Note	2016 £000	2015 £000
<b>Revenue</b>	2	<b>2,025</b>	15,248
Cost of sales		<b>(1,027)</b>	(8,260)
<b>Gross profit</b>		<b>998</b>	6,988
Administrative expenses	4	<b>(125)</b>	(3,370)
Other operating income	4	<b>506</b>	-
<b>Operating profit</b>		<b>1,379</b>	3,618
Other interest receivable and similar income	5	<b>2</b>	5
<b>Profit on ordinary activities before taxation</b>		<b>1,381</b>	3,623
Tax on profit on ordinary activities	6	<b>(277)</b>	(747)
<b>Profit and total comprehensive income for the year</b>		<b>1,104</b>	2,876

All activities are classified as continuing.

## Balance Sheet at 30 September 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
<b>Fixed assets</b>					
Intangible assets	7	-	-	-	-
Tangible assets	8	-	-	-	-
			-	-	-
<b>Current assets</b>					
Debtors	9	14,539	15,237		
Cash at bank and in hand		51	1,137		
		14,590	16,374		
<b>Creditors: amounts falling due within one year</b>	10	(3,316)	(6,204)		
<b>Net current assets</b>			11,274	10,170	
<b>Total assets less current liabilities</b>			11,274	10,170	
<b>Net assets</b>			11,274	10,170	
<b>Capital and reserves</b>					
Called up share capital	11	-	-	-	-
Profit and loss account		11,274	10,170		
<b>Shareholders' funds</b>			11,274	10,170	

These Financial Statements were approved by the Board of Directors on 22 February 2017 and were signed on its behalf by:



**R J Bradford**  
 Director

Company registration number: 06135533

## Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
<b>Balance at 1 October 2014</b>	-	7,294	7,294
Total comprehensive income for the year	-	2,876	2,876
<b>Balance at 30 September 2015</b>	-	10,170	10,170
Total comprehensive income for the year	-	1,104	1,104
<b>Balance at 30 September 2016</b>	-	11,274	11,274

## Notes

(forming part of the Financial Statements)

### 1 Accounting policies

InHealth Molecular Imaging Limited is a Company incorporated and domiciled in England and Wales.

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.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 15.

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, tangible fixed assets and intangible assets; and
- Disclosures in respect of transactions with wholly owned subsidiaries.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next Financial Statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements and in preparing an opening FRS 101 balance sheet at 1 October 2014 for the purpose of the transition to FRS 101.

The Financial Statements are prepared on the historical cost basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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 activity 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.

#### 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Intangible assets

Subsequent to the appointment of preferred bidder, bid costs are capitalised and held on the balance sheet provided the award of the contract is virtually certain and is expected to generate net cash flow to allow recovery of bids costs.

Bid costs are amortised over the life of the contract.

#### 1.5 Revenue

Revenue represents the amounts invoiced for the provision of scanning services to hospitals, insurance companies and the public (excluding value added tax).

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.

#### 1.6 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

	2016 £000	2015 £000
Provision of services	2,025	15,248

All revenue is generated wholly within the UK.

## Notes (continued)

### 3 Staff numbers

The Company has no employees and all Directors' remuneration was borne by InHealth Limited during the year. The notional cost of Directors to the Company was £2,000 (2015: £2,000) during the year. None of the Directors received any remuneration from the Company during the current or prior year.

### 4 Expenses and auditor's remuneration

Included in the profit and loss account are the following:

	<b>2016</b>	2015
	<b>£000</b>	£000
Profit on the disposal of tangible fixed assets	<b>506</b>	-
	<u>          </u>	<u>          </u>
Auditor's remuneration:		
	<b>2016</b>	2015
	<b>£000</b>	£000
Audit of these Financial Statements	<b>8</b>	8
	<u>          </u>	<u>          </u>

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.

### 5 Other interest receivable and similar income

	<b>2016</b>	2015
	<b>£000</b>	£000
Total interest receivable on financial assets	<b>2</b>	5
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Taxation

#### Recognised in the profit and loss account

	2016 £000	2015 £000
<i>UK corporation tax</i>		
Current tax on income for the period	275	748
<i>Deferred tax (see note 12)</i>		
Reversal of temporary differences	-	-
Effect of tax rate change on opening balance	2	(1)
	<u>277</u>	<u>747</u>
Tax on profit on ordinary activities	<u>277</u>	<u>747</u>

#### Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit for the year	1,104	2,876
Total tax expense	277	747
	<u>1,381</u>	<u>3,623</u>
Profit excluding taxation	1,381	3,623
Tax using the UK corporation tax rate of 20 % (2015: 20%)	275	748
Increase/(reduction) in tax rate on deferred tax balances	2	(1)
	<u>277</u>	<u>747</u>
Total tax charge	<u>277</u>	<u>747</u>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions 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 asset at 30 September 2016 has been calculated based on these rates.



## Notes (continued)

### 7 Intangible fixed assets

	Bid Cost
	£000
<b>Cost</b>	
Balance at 1 October 2015	1,155
Disposals	(1,155)
	<hr/>
Balance at 30 September 2016	-
	<hr/>
<b>Depreciation and impairment</b>	
Balance at 1 October 2015	1,155
Disposals	(1,155)
	<hr/>
Balance at 30 September 2016	-
	<hr/>
<b>Net book value</b>	-
At 1 October 2015	<hr/>
<b>At 30 September 2016</b>	<hr/> <hr/>

### 8 Tangible fixed assets

	Plant and equipment	Fixtures and fittings	Total
	£000	£000	£000
<b>Cost</b>			
Balance at 1 October 2015	4,513	1,812	6,325
Disposals	(4,513)	(1,812)	(6,325)
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2016	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation and impairment</b>			
Balance at 1 October 2015	4,513	1,812	6,325
Disposals	(4,513)	(1,812)	(6,325)
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2016	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>			
At 1 October 2015	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>At 30 September 2016</b>	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 9 Debtors

	2016 £000	2015 £000
Amounts owed by group undertakings	14,510	14,599
Prepayments and accrued income	16	627
Deferred tax asset	13	11
	<hr/>	<hr/>
Amounts falling due within one year	14,539	15,237
	<hr/>	<hr/>

### 10 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	8	59
Amounts owed to group undertakings	903	3,478
Taxation and social security	608	331
Accruals and deferred income	1,797	2,336
	<hr/>	<hr/>
	3,316	6,204
	<hr/>	<hr/>

### 11 Called up share capital

	2016 £000	2015 £000
<b>Allotted, called up and fully paid</b>		
1 Ordinary £1 share	-	-
	<hr/>	<hr/>

### 12 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Asset 2016 £000	Asset 2015 £000
Tangible fixed assets	13	11
	<hr/>	<hr/>

## **Notes** (continued)

### **13 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.

### **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.

### **15 Explanation of transition to FRS 101**

As stated in note 1, these are the Company's first Financial Statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the Financial Statements for the year ended 30 September 2016, the comparative information presented in these Financial Statements for the year ended 30 September 2015 and in the preparation of an opening FRS 101 balance sheet at 1 October 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has had no adjustments to amounts reported previously in Financial Statements prepared in accordance with its old basis of accounting (UK GAAP).