Aircraft Medical Limited

Report and Financial Statements

For the year ended 30 April 2017

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Corporate information

Directors

Philippa M W Montgomerie
Christopher Eric Peterson (appointed on 1 September 2016 resigned on 19 September 2017)
Duncan Robertson (appointed 1 September 2016)
Cormac McGann (appointed on 19 September 2017 resigned on 16 March 2018)
Alison J Williamson (resigned on 31 August 2016)

Secretary

Philippa M W Montgomerie (appointed on 31 August 2016)

Auditors

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Bankers

Clydesdale Bank Plc
30 St Vincent Place
Glasgow
G1 2HL

Solicitors

Shepherd and Wedderburn LLP
Exchange Crescent
Edinburgh
EH3 8UL

Registered Office

10 Saint Andrew Square
Edinburgh
EH2 2AF

Registered number

SC220767

Strategic Report

The directors present their strategic report for the year ended 30 April 2017.

Review of the business

During the year the Company's principal activities was the manufacture, export and servicing of its McGrath ® MAC laryngoscope product lines.

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

	Year ended 30 April 2017	*16 month period ended 30 April 2016*	*Change*
	$	*$*	*%*
Turnover	24,415,376	15,220,162	60.4%
Operating Profit/(Loss)	13,093,385	(6,508,087)	(301.2%)
Operating Profit/(Loss) before exceptionals	13,093,385	(815,009)	(1,706.5%)
Profit/(Loss) after tax	12,169,810	(5,299,298)	(329.6%)
Equity shareholders' funds	(12,851,668)	(681,858)	1,784.8%
Current assets as a % of current liabilities ('current ratio')	4.12	0.98	320.4%

As a result of the integration to Medtronic we have focused on developing the manufacturing facilities and maximizing supply for accessories. The integration has allowed greater access to the Medtronic sales network to market and develop the brand. In the current year this has resulted in a significant increase in volumes sold and explains the growth in turnover and underlying profit before tax.

Effective from 1st January 2018 a new head lease was negotiated for all of the existing office and warehouse space for 5 years. This included an additional warehouse unit to support the growth of the business.

Strategic Report (continued)

Principal risks and uncertainties

The main risks associated with the company's financial assets and liabilities are set out below.

Competitive risks

Our strategic intent is to advance our product offering to include a mixture of high quality capital and consumable medical devices. Over time this will offer the opportunity for continued growth in a wide range of markets internationally and it will also give the company a stronger foundation with a broader range of products. We continue to innovate and look to develop features desired by users in order to maintain a loyal customer base.

Legislative risks

As part of Medtronic we monitor changes to medical device legislation across all countries, possible impacts are assessed and communicated across the group. We continue to strive for excellence in quality in excess of any prescribed requirement in order to ensure maximum patient safety in the use of our equipment.

Foreign currency risks

The company has a natural hedge against its foreign exchange risk by virtue of the majority of transactions being carried out and reported in US Dollars. The company maintains a sufficient level of US Dollar funds to ensure it can meet all its obligations as they fall due and adequately finance the company's future development plans.

Price risk

The integration to Medtronic offers new opportunities for the Company to develop better relationships and drive for cost savings across our purchase agreements. We operate on a cost plus profit basis with Medtronic so whilst we have to ensure a certain continual cost reduction we are largely protected from external commercial pressures.

Credit risk

Intercompany sales accounts for almost all of the revenue generated by the company so this risk is linked with the liquidity risk as detailed below. We are benefiting as part of Medtronic for more favourable credit terms from our suppliers both here in the UK and abroad.

Liquidity Risk

Due to the level of cash at bank after the settlement of intercompany invoices, the Directors are confident in the availability of funds to ensure continued trading.

By the order of the Board

Duncan Robertson

Director

13 April 2018

Directors' Report

Registered No. SC220767

The directors present their report and financial statements for the year ended 30 April 2017.

Directors of the Company

The current directors are shown on page 2.

The directors have chosen to disclose information on the following required by the Companies Act 2006 to be included in the Directors Report within the Strategic Report, found on pages 3 to 4:

- Information on financial risk management and policies; and
- Information regarding future developments of the business

Dividends

The directors do not recommend a final dividend (2016: $Nil).

Research and development

We are continually developing the next generation to add additional features as per customers' requests, and take advantage of any technological advances in the selection of components. Significant resources are being applied to deliver not only the next generation laryngoscopes but also reduce the cost per unit (Note 19).

Future developments

We are continuing to develop our market as standard of care to replace the traditional laryngoscope, our product improves outcomes for patients by reducing injury and in extreme cases through speed of intubation can save lives. Using the extensive sales reach of Medtronic we aim to expand our existing markets and develop into the many significant regions we have not yet entered.

Going Concern

The company recorded a pre-tax profit of $13,093,156 for the year and shows a closing shareholder surplus of $12,851,668 at 30 April 2017.

Based on the information above and the company's forecasts the directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparing the financial statements.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board

Duncan Robertson
Director

13 April 2018

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Director's 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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;
- 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 proper 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Aircraft Medical Limited

We have audited the financial statements of Aircraft Medical Limited for the year ended 30 April 2017 which comprise the Income Statement, Statement of changes in Equity, Statement of Financial Position and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 6, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of Aircraft Medical 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.

Ernst & Young LLP

Mark Harvey (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
17 April 2018

Income Statement

***For the year ended 30* April 2017**

	Notes	2017 $	16 month period 2016 $
Turnover	1	24,415,376	15,220,162
Cost of sales		(6,325,206)	(8,276,203)
Gross profit		18,090,170	6,943,959
Distribution costs		(229,175)	(917,301)
Administrative expenses:			
Before exceptional items		(4,879,112)	(7,077,570)
Exceptional items	2	-	(5,693,078)
Total administrative expenses		(4,879,112)	(12,770,648)
Other operating income		111,502	235,903
Operating profit/(loss)	3	13,093,385	(6,508,087)
Interest receivable and similar income		8	19
Interest payable and similar charges	6	(237)	(159,748)
Profit/(Loss) on ordinary activities before taxation		13,093,156	(6,667,816)
Tax on profit/(loss) on ordinary activities	7	(841,547)	1,368,518
Profit/(Loss) for the financial year		12,251,609	(5,299,298)

There was no other comprehensive income in the periods presented; therefore no statement of other comprehensive income has been prepared. Total comprehensive income is equal to profit for the year in the periods presented.

Statement of changes in Equity

***For the 12 month period ended 30* April 2017**

	Called up share capital (note 16)	*Share premium reserve*	*Profit and loss account*	*Capital Contribution*	*Total equity*
	$	*$*	*$*	*$*	*$*
At 1 January 2015	579	7,939,901	(9,186,952)	-	(1,246,472)
Profit for the period	-	-	(5,299,298)	-	(5,299,298)
Capital Contribution	-	-	-	4,711,485	4,711,485
Shares issued	32	197,999	-	-	198,031
Share based payments	41	2,318,071	-	-	2,318,112
At 30 April 2016	652	10,455,971	(14,486,250)	4,711,485	681,858
Profit for the period	-	-	12,251,609	-	12,251,609
At 30 April 2017	652	10,455,971	(2,234,641)	4,711,485	12,933,467

Statement of financial position

at 30 April 2017

	Notes	2017 $	2016 $
Fixed assets			
Tangible assets	8	1,182,985	517,467
Deferred Tax asset	10	-	661,756
		1,182,985	1,179,223
Current assets			
Stocks	9	1,635,368	1,332,565
Debtors falling due within one year	10	10,269,163	2,823,818
Cash at bank and in hand		3,936,082	1,835,329
		15,840,613	5,991,712
Creditors: amounts falling due within one year	11	(3,768,074)	(6,134,593)
Net current assets		12,072,539	(142,881)
Total assets less current liabilities		13,255,524	1,036,342
Creditors: amounts falling due after more than one year	12	(183,207)	(206,489)
Provision for liabilities	13	(138,850)	(147,995)
Net assets		12,933,467	681,858
Capital and reserves			
Called up share capital	15	652	652
Share premium account	16	10,455,971	10,455,971
Profit and loss account		(2,234,641)	(14,486,250)
Capital contribution	16	4,711,485	4,711,485
		12,933,467	681,858

The notes on pages 12 to 25 are an integral part of these financial statements.

Approved by the Board

Duncan Robertson
Director
Date:
13 APR 2018

Notes to the financial statements

Accounting policies

a) Statement of compliance

Aircraft Medical Limited is a private company limited by shares incorporated in United Kingdom. The registered office is situated in 10 Saint Andrew Square, Edinburgh, EH2 2AF.

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 30 April 2017.

b) Basis of preparation

The financial statements of Aircraft Medical Limited were authorised for issue by the Board of Directors on 3 April 2018. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in dollars which is also the functional currency of the company and rounded to the nearest $.

c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The view of the Directors is that there is no signification judgement or estimation uncertainties.

d) Significant accounting policies

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on dispatch of the goods to customers. At this point the risk and rewards of ownership are considered to have transferred to the customer.

Interest income

Revenue is recognised as interest accrued using the effective interest method.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing parts of the tangible assets directly attributable to making the asset capable of operating as intended.

Notes to the financial statements (continued)

Accounting policies (continued)

d) Significant accounting policies (continued)

Depreciation is provided on all tangible asset, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Plant and machinery	- 25% on straightline
Motor Vehicles	- 20% on straightline
Computer equipment	- 33% on straightline
Office equipment	- 25% on straightline

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the financial statements (continued)

Accounting policies (continued)

***d) Significant accounting policies** (continued)*

Basic financial instruments

(a) Financial assets

Basic financial assets represents stocks, trade debtors including amounts due by group undertakings; and cash and bank balances are initially recognised at transaction price. At 30 April 2017, the company had only financial assets classified as basic financial assets.

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

(b) Financial liabilities

Basic financial liabilities represents bank loans, amounts owed to group undertakings as interest bearing loans and borrowings; finance lease obligations, creditors i.e. initially recognised at transaction price. At 30 April 2017, the company had financial liabilities classified as basic financial liabilities.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Amount owed to group undertakings which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method.

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

Income taxes

Current income tax

Corporation tax payable is provided on taxable profits at current rates.

Notes to the financial statements (continued)

Accounting policies (continued)

d) Significant accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that 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, except that:

- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/ (asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Pensions

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. The company recognised the contribution payable for a period:

- As a liability, after deducting any amount already paid.
- As an expense, unless requires the cost to be recognised as part of the cost of an asset such as stocks or tangible assets.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Operating leases

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on the basis of occurrence.

Notes to the financial statements (continued)

1. Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the group's continuing ordinary activities and is stated net of value added tax.

An analysis of turnover by geographical market is given below:

Geographical area

	UK and Europe		*North America*		*Asia Pacific*		*Total*	
	Year 2017	*16 month period 2016*	*Year 2017*	*16 month period 2016*	*Year 2017*	*16 month period 2016*	*Year 2017*	*16 month period 2016*
	$'000	*$,000*	*$,000*	*$,000*	*$,000*	*$,000*	*$,000*	*$,000*
Turnover by destination:								
Sales to third parties	1,393	4,099	1,192	5,822	97	1,575	2,682	11,496
Intercompany Sales	-	470	21,734	3,173	-	81	21,734	3,724
Total sales	1,393	4,569	22,926	8,995	97	1,656	24,416	15,220

2. Exceptional Items

		2017	16 month period 2016
		$	$
Impairment of fixed assets	(i)	-	(83,609)
Transaction expenses	(ii)	-	(3,067,762)
Distributor termination settlements	(iii)	-	(2,541,707)
		-	(5,693,078)

(i) A review by the Directors as part of the alignment to Medtronic financial policies led to capitalised assets under an original purchase price of $2,500 being removed from the asset register – this impairment represents the adjustment to expense.

(ii) Significant expense was incurred in the preparation and review of all documentation and general advise in the sale of shares in Aircraft Medical Limited to Covidien Group S.a.r.l.

(iii) An estimate has been made to the settlement of all liabilities due to our distributor network on our existing supply agreements, with the intention of using Medtronic sales force to advance sales in these regions.

Notes to the financial statements (continued)

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

This is stated after charging/(crediting):

	2017	*16 month period 2016*
	$	*$*
Auditors' remuneration (note 4)	39,214	145,290
Depreciation of owned fixed assets (note 8)	174,819	247,889
Foreign exchange differences	(453,691)	(70,719)
(Gain)/Loss on disposal of fixed assets	(5,799)	214,622
Warranty provision	16,021	64,843
Operating lease rentals- land and buildings	123,034	252,810

4. Auditors' remuneration

	2017	*16 month period 2016*
	$	*$*
Audit of the financial statements	27,144	18,617
Taxation compliance services	12,070	27,465
Other non-audit services	-	99,208
	39,214	145,290

5. Staff costs

a) Staff costs

	2017	*16 month period 2016*
	$	*$*
Wages and salaries	1,967,127	3,552,288
Social security costs	588,707	1,004,326
Other pension costs	96,751	153,512
	2,652,585	4,710,126

Notes to the financial statements (continued)

a) *Staff costs* (continued)

The average monthly number of employees during the year was made up as follows:

	2017	*2016*
	No.	*No.*
Research & development	5	7
Manufacturing & Engineering	33	24
Sales and marketing	-	2
Board, administration and support	5	9
	43	42

b) *Director's remuneration*

	2017	*16 month period 2016*
	$	*$*
Aggregate remuneration in respect of qualifying services	268,318	1,793,134
Aggregate amounts receivable under defined contribution schemes	13,395	29,507
	281,713	1,822,641

In respect of the highest paid director:

	2017	*16 month period 2016*
	$	*$*
Aggregate remuneration	131,377	1,124,248

The number of directors to whom retirement benefits were accruing was as follows:

	2017	*2016*
	No.	*No.*
Money purchase schemes	-	3

The number of directors to whom share options were granted was as follows:

	2017	*2016*
	No.	*No.*
Options over Ordinary 0.0001p shares	-	4

Notes to the financial statements (continued)

6. Interest payable and similar charges

	2017	16 month period 2016
	$	$
Interest on term loans from bank	237	68,949
Interest on other loans	-	830
Deferred Finance costs	-	89,969
	237	159,748

7. Taxation

a) *Tax on profit on ordinary activities*

	2017	16 month period 2016
	$	$
The tax charge is made up as follows:		
Current tax:		
UK corporation tax on profits for the period	147,509	-
Total current tax	147,509	-
Origination and reversal of timing differences	736,750	(1,496,841)
Adjustment in respect of previous periods	(5,205)	(6,106)
Effect of changes in tax rates	(37,507)	134,429
Total deferred tax	694,038	(1,368,518)
Total tax per income statement	841,547	(1,368,518)

Notes to the financial statements (continued)

Taxation (Continued)

b) *Factors affecting the total tax charge*

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19.92% (2016: 20.19%).

The differences are reconciled as below:

	2017	*16 month period 2016*
	$	*$*
Profit/(Loss) on ordinary activities before tax	13,093,156	(6,667,816)
Tax on profit/(Loss) at standard UK tax rate of 19.92% (2016: 20.19%)	2,608,157	(1,345,911)
Effects of:		
Expenses not deductible	2,951	709,676
Adjustment from previous periods	(5,205)	(6,106)
Tax rate changes	(37,506)	134,429
Losses previously not recognised for deferred tax now utilised	(1,710,270)	(881,920)
Other	(16,580)	-
Change in accounting policy	-	21,314
Total tax expense	841,547	(1,368,518)

c) *Factors that may affect future tax charges*

The Finance Act (no.2) 2015 included legislation which reduced the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. The Chancellor then announced in his budget on 16 March 2016, that there would be a further 1% reduction on the rate of coporation tax to 17% on 1 April 2020. This further rate reduction was included in the Finance Bill 2016, which receieved Royal Assent on 15 September 2016.

d) *Deferred tax*

At the year end the company's has a deferred tax liability of $33,464 (2016 – asset of $661,756). As the previously noted reductions in tax rates were enacted at the Balance Sheet date the deferred tax balance as at 30 April 2017 have been recognised at a rate of 17%, this being the rate at which the majority of the timing differences are expected to reserve.

Notes to the financial statements (continued)

8. Tangible fixed assets

	Plant and Machinery	Computer equipment	Office equipment	Motor vehicles	Total
	$	*$*	*$*	*$*	*$*
Cost:					
At 30 April 2016	1,637,595	181,338	123,253	38,783	1,980,969
Additions	59,928	576,721	210,309	-	846,958
Disposals	-	-	-	(38,783)	(38,783)
At 30 April 2017	1,697,523	758,059	333,562	-	2,789,144
Depreciation:					
At 30 April 2016	1,144,646	173,704	112,990	32,162	1,463,502
Depreciation charge	126,857	39,880	8,082	-	174,819
Depreciation on disposal	-	-	-	(32,162)	(32,162)
At 30 April 2017	1,271,503	213,584	121,072	-	1,606,159
Carrying amount:					
At 30 April 2017	426,020	544,475	212,490	-	1,182,985
At 30 April 2016	492,949	7,634	10,263	6,621	517,467

Notes to the financial statements (continued)

9. Stocks

	2017	2016
	$	$
Raw materials	1,437,741	1,033,630
Finished goods	197,627	298,935
	1,635,368	1,332,565

The difference between purchase price or production cost of stocks and their replacement cost is not material.

10. Debtors

	2017	2016
	$	$
Trade debtors	211,100	649,062
Intercompany debtors	9,714,847	1,925,890
Other debtors	92,633	65,006
Deferred tax asset	1,183	-
Prepayments and accrued income	249,400	183,860
	10,269,163	2,823,818

Amounts falling due after more than one year included above are:

	2017	2016
	$	$
Deferred tax asset	-	661,756
	-	661,756

Notes to the financial statements (continued)

11. Creditors: amounts falling due within one year

	2017	*2016*
	$	*$*
Trade creditors	1,877,902	1,327,672
Other taxes and social security	147,509	58,248
Deferred tax liability	33,464	-
Other creditors and accruals	1,709,199	4,748,673
	3,768,074	6,134,593

12. Creditors: amounts falling due after more than one year

	2017	*2016*
	$	*$*
Other creditors and accruals	183,207	206,489
	183,207	206,489

13. Provisions

	2017	2016
	$	*$*
As at 30 April 2016	(147,995)	(226,068)
Impact of foreign exchange differences	12,787	10,433
Utilised	16,049	10,628
Released	(19,691)	57,012
At 30 April 2017	(138,850)	(147,995)

Maintenance warranties

A provision is recognised for expected warranty claims on products sold during the last 2 years. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within two years of the balance sheet date.

Notes to the financial statements (continued)

14. Obligations under operating leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

Operating lease arrangements

The company has an operating lease for its office and warehouse which will expire on 30 May 2018.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2017	*2016*
	$	*$*
Not later than one year	29,993	54,235
Later than one year and not later than five years	-	64,711
Later than five years	-	-
	29.993	118,946

15. Allotted and issued share capital

	2017	*2017*	*2016*	*2016*
	No.	*$*	*No.*	*$*
Allotted, called up and fully paid:				
Ordinary shares of 0.0001p each	36,973,509	652	36,973,509	652
		652		652

On 15 November 2015 the company issued ordinary shares with a nominal value of 0.0001p for a consideration of $0.51.

16. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital contribution reserve

This reserve records the amounts gifted to the Company by its ultimate parent entity Medtronic plc to settle costs on its behalf.

17. Controlling party

At 30 April 2017, by virtue of shareholding, Covidien Group S.A.R.L. (a subsidiary of Medtronic plc) is deemed to immediate controlling party. Medtronic plc is deemed to be the ultimate controlling party the registered office is 1st Floor, 20 on Hatch, Lower Hatch Street, Dublin 2, Ireland where company financials are available for review.

Notes to the financial statements (continued)

18. Related party disclosured

At 30 April 2017, $9,714,817 (2016: $1,925,890) was due from the company's immediate parent company, Coviden S.A.R.L. Intercompany sales for the year amounted to $21,732,237 (2016: $3,815,707)

19. Research and development costs

At 30 April 2017, $1,309,227 was incurred in research and development costs (2016: $687,890).

20. Post balance sheet event

Effective from 1st January 2018 a new head lease was negotiated for all of the existing office and warehouse space for 5 years. This included an additional warehouse unit to support the growth of the business.