

Registered number: 06993831

InHealth UK Holdings Limited

Director's report and financial statements

for the year ended 30 September 2013



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for the year ended 30 September 2013

CONTENTS

	Page
Company information	1
Strategic report	2
Director's report	3
Independent auditor's report to the members of InHealth UK Holdings Limited	6
Consolidated profit and loss account	7
Consolidated statement of total recognised gains and losses	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated cash flow statement	11
Notes to the consolidated cash flow statement	12
Notes to the financial statements	14

InHealth UK Holdings Limited
Director's report and financial statements
for the year ended 30 September 2013

COMPANY INFORMATION

DIRECTOR: I H Bradbury

SECRETARY: S L Bricknell

REGISTERED OFFICE: Beechwood Hall
Kingsmead Road
High Wycombe
Buckinghamshire
HP11 1JL

REGISTERED NUMBER: 06993831 (England and Wales)

AUDITOR: KPMG LLP
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2013

The Director presents his strategic report on the Group for the year ended 30 September 2013.

REVIEW OF THE BUSINESS

The Group's trading activity increased by 2% from £98 million in 2012 to £100 million in 2013, continuing the history of revenue growth. The trading activity in 2013 reflects specific price reductions, which demonstrate the need for growth in the current market in order to mitigate pricing pressures.

The market opportunities within the diagnostics sector continue to be significant in both primary and secondary care. Demand for the Group's services is driven by a combination of demographic trends, increasing patient choice and knowledge, as well as technological advancements.

The economic pressures on the NHS are leading to greater consideration of cost, whilst requiring high quality and innovative partnerships and solutions. In order to absorb the pricing pressures in both the NHS and private markets, InHealth will continue to focus on maximising operational efficiencies over the next year to maintain margins and create value for customers without compromise to quality for patients.

The Group continues to focus on:

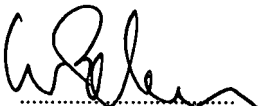
- growth through the establishment and expansion of strong customer relationships; and
- operational and clinical excellence in the delivery of all services.

InHealth has an established reputation for high quality service and a track record in the mobilisation of new services. The Group will continue to explore wider opportunities for growth as the emerging market for Healthcare establishes opportunities where our skills and capabilities can offer clinical excellence, efficiency and productivity benefits to our customers.

During the course of the year, the Group purchased the remainder of the shareholding in Prime Diagnostics Limited, now renamed InHealth Endoscopy Limited (IEL), a fast growing provider of endoscopy services.

GROWING CAPACITY AND MAINTAINING EQUIPMENT TO HIGH STANDARDS

Throughout the year and since the year end the Group has continued to invest heavily in growing equipment capacity, often ahead of contracted demand. InHealth follows a rigorous policy of keeping all of the assets maintained to a high standard including regular upgrades to keep equipment current with technology developments. Movements in fixed assets during the year are set out in the notes to the financial statements on page 22.



I H Bradbury - Director

Date 25 February 2014

DIRECTOR'S REPORT

The Director presents his report and audited financial statements for the Company and the Group for the year ended 30 September 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company in the year under review was that of a holding Company. The principal activity of the Group is the provision of a broad range of diagnostic services and healthcare solutions in both Hospital based and Community/GP environments throughout the UK. The business provides imaging and diagnostic tests to patients, working in close partnership with the NHS, as well as private healthcare providers.

The Group has a reputation for delivering market-leading services over the course of long-term relationships and for providing excellent clinical practice, best value and best support to its customers.

DIVIDENDS

The Director does not recommend the payment of a dividend (2012: £nil).

POLITICAL DONATIONS

The Group made no political donations (2012: £nil).

TAXATION

The Group has an effective tax rate of 31% (2012: 31%). The Group is committed to acting with integrity and transparency in all tax matters as part of its corporate responsibility.

FINANCIAL INSTRUMENTS

Financial risk management

During the year the Group's operations exposed it to certain financial risks such as foreign currency risk, credit risk, liquidity risk and interest rate risk as described below.

Foreign currency risk

The Group's transactions are predominantly in Sterling, but some transactions are in other currencies and the Group is therefore exposed to the movement in foreign currency exchange rates. The risk is considered low due to the number and value of transactions that occur.

Credit risk

The Group's principal financial assets are bank balances and trade debtors, which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's credit risk is primarily attributable to its trade debt. The Director provides robust guidelines to minimise credit risk however given the nature of its customers, the Group does not have significant exposure in this area.

Liquidity risk

The Group's policy has been to ensure continuity of funding for operations via additional credit facilities to aid short-term flexibility. The Group has a strong cash position and held £14.8 million in cash at 30 September 2013. The Group has cash generation ability and maintains overdraft facilities (that have yet to be drawn upon) to ensure that obligations associated with the financial liabilities of any subsidiary can be met. The Director is satisfied that the Group can meet the obligations associated with its financial liabilities and that no material risk exists of the Group not being able to do so.

Interest rate risk

The interest rates on the Group's borrowings are at market rates. The Group's policy is to keep its borrowing within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Director monitors the overall level of cash, borrowings and interest cost to limit any adverse effect on financial performance of the Group overall.

DIRECTOR'S REPORT *(continued)*

Impairment of assets

Assets are reviewed for impairment during the financial year and in addition a review is carried out where there are indicators that the assets may be impaired.

DIRECTOR

I H Bradbury held office during the whole of the period from 1 October 2012 to the date of this report.

EMPLOYEES

The Group's people are central to its success in both delivering existing business and winning new contracts. Investment in people and in building the right working environment will continue to be a priority. The Group holds accreditation with Investors In People and employs 875 highly skilled and trained professionals with many years of experience working within the health sector.

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

Employee involvement

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

Employment of disabled people

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

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

EVENTS AFTER THE BALANCE SHEET DATE

On 15 January 2014, InHealth Limited acquired 100% of the shares of Echotech Limited. Echotech is a provider of high quality community based cardiology services to NHS patients across the UK, relying on very experienced peripatetic staff and state of the art diagnostic equipment. InHealth and Echotech have been working in partnership since 2007 in a number of regions.

DIRECTOR'S REPORT *(continued)*

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

The Director is responsible for preparing the Strategic report, Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under Company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period. In preparing these financial statements, the Director is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

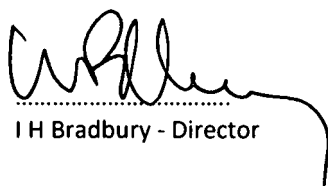
STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Director who held office at the date of approval of this Director's report confirms that, so far as he is aware, there is no relevant audit information of which the Group's auditor is unaware; and the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

INDEPENDENT AUDITOR

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

By Order of the Board



I H Bradbury - Director

Date 25 February 2014

KPMG LLP
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INHEALTH UK HOLDINGS LIMITED

We have audited the financial statements of InHealth UK Holdings Limited for the year ended 30 September 2013 set out on pages 7 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 DIRECTOR AND AUDITOR

As explained more fully in the Director's Responsibilities Statement set out on page 5, the Director is 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2013 and of the Group's 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 Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



David Neale (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

25 February 2014

InHealth UK Holdings Limited
 Director's report and financial statements
 for the year ended 30 September 2013

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2013

	Notes	2013 £000	2012 £000
Revenue: Group and share of joint ventures	3	100,383	98,045
Less share of joint ventures		(640)	(217)
Group revenue		<u>99,743</u>	<u>97,828</u>
Cost of sales		(66,480)	(66,159)
GROSS PROFIT		<u>33,263</u>	<u>31,669</u>
Administrative expenses		(27,600)	(24,957)
GROUP OPERATING PROFIT	4	5,663	6,712
Share of operating profit / (loss) in joint ventures	11	94	(10)
Total operating profit		<u>5,757</u>	<u>6,702</u>
Other interest receivable and similar income	6	156	137
Interest payable and similar charges	7	(425)	(588)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>5,488</u>	<u>6,251</u>
Tax on profit on ordinary activities	8	(1,677)	(1,924)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>3,811</u>	<u>4,327</u>
Minority interests	18	(230)	7
PROFIT FOR THE FINANCIAL YEAR		<u><u>3,581</u></u>	<u><u>4,334</u></u>

CONTINUING OPERATIONS

None of the Group's activities were acquired or discontinued during the current year or previous year, with the exception of InHealth Endoscopy Limited (where the full acquisition was completed in the current year), information on which is disclosed in note 2 of the financial statements.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

The notes from pages 14 to 30 form part of these financial statements.

InHealth UK Holdings Limited
Director's report and financial statements
for the year ended 30 September 2013

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 September 2013

	Notes	2013 £000	2012 £000
PROFIT FOR THE FINANCIAL YEAR		3,581	4,334
Actuarial (loss) / gain	21	<u>(57)</u>	<u>8</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u><u>3,524</u></u>	<u><u>4,342</u></u>

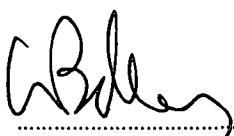
The notes from pages 14 to 30 form part of these financial statements.

InHealth UK Holdings Limited
 Director's report and financial statements
 for the year ended 30 September 2013

CONSOLIDATED BALANCE SHEET
At 30 September 2013

	Notes	2013		2012	
		£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	9		11,176		14,933
Tangible assets	10		54,581		48,006
Investments	11				
Investments in joint ventures					
Share of net assets		164		122	
Share of net liabilities		(80)		(132)	
			84		(10)
			65,841		62,929
CURRENT ASSETS					
Stocks	12	1,086		793	
Debtors: amounts falling due within one year	13	17,258		21,229	
Cash at bank		14,781		11,544	
		33,125		33,566	
CREDITORS: Amounts falling due within one year	14	(26,721)		(28,873)	
NET CURRENT ASSETS			6,404		4,693
TOTAL ASSETS LESS CURRENT LIABILITIES			72,245		67,622
CREDITORS: Amounts falling due after more than one year	15		(8,310)		(7,124)
PENSION LIABILITY	21		(253)		(232)
NET ASSETS			63,682		60,266
CAPITAL AND RESERVES					
Called up share capital	16		-		-
Other reserves	17		52,070		52,070
Profit and loss account	17		11,612		8,088
SHAREHOLDERS' FUNDS	19		63,682		60,158
Minority interests	18		-		108
EQUITY			63,682		60,266

These financial statements were approved by the Board on 25 February 2014 and were signed on its behalf by:


 I H Bradbury - Director

Company registration number: 06993831

The notes from pages 14 to 30 form part of these financial statements.

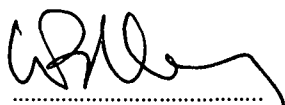
InHealth UK Holdings Limited
 Director's report and financial statements
 for the year ended 30 September 2013

COMPANY BALANCE SHEET
 At 30 September 2013

	Notes	2013		2012 restated*	
		£000	£000	£000	£000
FIXED ASSETS					
Investments	11		54,064		54,064
CREDITORS: Amounts falling due within one year	14	(786)		(5,560)	
NET CURRENT LIABILITIES			(786)		(5,560)
CREDITORS: Amounts falling due after more than one year	15		(6,308)		(1,506)
NET ASSETS			46,970		46,998
CAPITAL AND RESERVES					
Called up share capital	16		-		-
Other reserves	17		47,756		47,756
Profit and loss account	17		(786)		(758)
SHAREHOLDERS' FUNDS			46,970		46,998

*Details on this restatement are given in note 1.

These financial statements were approved by the Board on 25 February 2014 and were signed on its behalf by:


 I H Bradbury - Director

Company registration number: 06993831

The notes from pages 14 to 30 form part of these financial statements.

InHealth UK Holdings Limited
 Director's report and financial statements
 for the year ended 30 September 2013

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 September 2013

	Notes	2013 £000	2012 £000
Net cash inflow from operating activities	1	23,965	19,040
Returns on investments and servicing of finance	2	(175)	(398)
Taxation		(1,230)	(1,912)
Capital expenditure	2	(18,070)	(8,505)
Acquisitions and disposals	2	(577)	238
		<u>3,913</u>	<u>8,463</u>
Financing	2	(694)	(6,586)
Exchange gain		18	-
Increase in cash in the year		<u><u>3,237</u></u>	<u><u>1,877</u></u>

	Notes	2013 £000	2012 £000
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year	3	3,237	1,877
Cash outflow from hire purchase agreements		2,974	6,586
Change in net debt resulting from cash flows		<u>6,211</u>	<u>8,463</u>
New hire purchase agreements		(2,280)	(1,792)
Movement in net debt in the year		<u>3,931</u>	<u>6,671</u>
Net funds/(debt) at 1 October		<u>5,421</u>	<u>(1,250)</u>
Net funds at 30 September	3	<u><u>9,352</u></u>	<u><u>5,421</u></u>

The notes on pages 12 to 13 form part of the consolidated cash flow statement.

Notes to the Consolidated Cash Flow Statement

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013	2012
	£000	£000
Operating profit	5,757	6,702
Depreciation and amortisation charges	12,695	12,240
(Profit)/loss on disposal of fixed assets	(275)	284
Profit on disposal of investments	-	(569)
Increase in stocks	(293)	(30)
Decrease/(increase) in debtors	3,554	(1,541)
Increase in creditors	2,657	1,944
Operating (profit)/loss in joint ventures	(94)	10
Difference between pension charge and cash contributions	(36)	-
Net cash inflow from operating activities	23,965	19,040

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2013	2012
	£000	£000
Returns on investments and servicing of finance		
Interest received	77	89
Interest paid	(5)	(59)
Interest element of hire purchase payments	(247)	(428)
Net cash outflow for returns on investments and servicing of finance	(175)	(398)
Capital expenditure		
Purchase of tangible fixed assets	(18,412)	(10,014)
Sale of tangible fixed assets	438	924
Purchase of other intangibles	(96)	(259)
Sale of investments	-	844
Net cash outflow for capital expenditure	(18,070)	(8,505)
Acquisitions and disposals		
Purchase of subsidiary undertakings	(577)	(21)
Net cash acquired with subsidiary undertaking	-	259
Net cash (outflow)/inflow for acquisitions and disposals	(577)	238
Financing		
Capital element of hire purchase agreements	(2,974)	(6,586)
Proceeds of asset financing	2,280	-
Net cash outflow from financing	(694)	(6,586)

InHealth UK Holdings Limited
 Director's report and financial statements
 for the year ended 30 September 2013

Notes to the Consolidated Cash Flow Statement (*continued*)

3. ANALYSIS OF CHANGES IN NET DEBT

	1 Oct 2012 £000	Cash flow £000	Other non- cash charges £000	30 Sept 2013 £000
Net cash:				
Cash at bank and in hand	11,544	3,237	-	14,781
Debt:				
Hire purchase	(6,123)	694	-	(5,429)
Total	<u>5,421</u>	<u>3,931</u>	<u>-</u>	<u>9,352</u>

Notes to the Financial Statements

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Prior year adjustment

The prior year Company balance sheet has been restated to reflect the transfer of assets and liabilities of Pegasus Management SARL and Pegasus Management Holdings SCA during their respective liquidations. The effective date of the advance on liquidation proceeds of Pegasus Management Holdings SCA was 10 November 2010. The impact of this adjustment has been to increase investments by £54.1 million, increase short term creditors by £4.8 million, long term creditors by £1.5 million and increase other reserves by £47.8 million.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2013. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition and up to the date of disposal.

A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of the profits less losses of joint ventures is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet.

Where a Group Company is party to a joint arrangement, which is not an entity that Company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Going concern

The Director has considered the factors that impact the Company's future development, performance, cash flows and financial position along with the Company's current liquidity in forming his opinion on the going concern basis. The Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus he continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

In the Group's financial statements, unlisted investments are stated at cost less amounts written off.

Investment assets are reviewed for impairment at the end of the financial year and are reviewed for impairment when there are indications that the asset may be impaired.

Notes to the Financial Statements *(continued)*

1. ACCOUNTING POLICIES *(continued)*

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Licences purchased by the Group are amortised to nil by equal instalments over their useful economic lives of between one and three years.

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 bid costs.

Bid costs are amortised over the life of the contract.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over the life of the goodwill but is subject to annual review for impairment.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	-	50 years straight line
Short term leasehold improvements	-	over the term of the lease
Plant and machinery	-	4 – 10 years straight line
Fixtures and fittings	-	3 – 6 years straight line
Motor vehicles	-	2 – 6 years straight line

No depreciation is provided on freehold land.

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction or if there is a forward currency contract hedge in place, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included within the profit and loss account.

Notes to the Financial Statements *(continued)*

1. ACCOUNTING POLICIES *(continued)*

Post retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Group also participates in a multi-employer defined benefit pension scheme. The assets of the scheme are held under one combined scheme and are not separately identifiable. Accordingly this scheme is accounted for as if it were a defined contribution pension scheme with the amount charged to the profit and loss account representing the contributions payable to the scheme in respect of the accounting period.

A small number of the Group's employees are members of a defined benefit scheme operated by InHealth Facilities Management Limited, a Group Company. This scheme exists as part of legacy Transfer of Undertakings (Protection of Employment) ("TUPE") arrangements in relation to previous contracts that required such a pension scheme to be provided to employees coming into the Group. Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and in the statement of total recognised gains and losses, actuarial gains and losses.

Leases and hire purchase arrangements

Assets acquired under finance leases or hire purchase arrangements are capitalised and the outstanding future obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19 Deferred Taxation.

Revenue

Revenue represents the amounts invoiced for the provision of diagnostic and healthcare solutions (excluding value added tax). Revenue is recognised on the provision of services.

Share based payments

Where a member of the Group grants equity settled awards to the Company's employees, and the Company has no obligation to settle the award, the Company accounts for these share based payments as equity settled. In the event of any modification to terms of any share schemes the Company elects to maintain the original treatment of the scheme (i.e. either equity settled or cash settled).

Notes to the Financial Statements (continued)

2. ACQUISITION OF BUSINESS

On 20 May 2013 the Group purchased the remaining 24% of Prime Diagnostics Limited and two further entities which were each 50% owned by Prime Diagnostics Limited. On 24 February 2012 the Group had previously purchased 76% of Prime Diagnostics Limited for a £1 cash consideration and a deferred contingent consideration. This was disclosed in last year's accounts at a value that represented the then best estimate of the discounted amount payable at the end of a 2 year period. The purchase consideration and costs of acquisition are shown in the table below along with disclosure of the share of net assets acquired at fair value. The closing net book value of goodwill is shown and forms part of note 9. Goodwill is being written off over a 20 year period, which is the Board's view of its useful life. The value of goodwill is reviewed on an annual basis. Upon the Group taking full ownership, Prime Diagnostics Limited's name changed to InHealth Endoscopy Limited.

The total purchase consideration for the sale of shares consists of the following:

	£000
Cash paid for 77,773 ordinary shares of £1 each paid in prior year (£1)	-
Legal costs paid in prior year	22
Cash paid for 24,560 ordinary shares of £1 each - paid in year	560
Cash paid for 24,560 ordinary shares of £1 each (deferred consideration paid in November 2013)	560
Stamp duty & legal costs	17
	<hr/>
Purchase consideration and costs of acquisition	1,159

	Book value (76%) acquired 24 Feb 2012 £000	Book value (24%) acquired 20 May 2013 £000	Fair value adj	Fair value 20 May 2013 £000
Fixed Assets				
Intangible fixed assets	756	195	(951)	-
Tangible fixed assets	408	449	-	857
Current Assets				
Debtors	445	186	-	631
Cash	197	243	-	440
	<hr/>	<hr/>	<hr/>	<hr/>
	1,806	1,073	(951)	1,928
Liabilities				
Creditors	(1,441)	(761)	-	(2,202)
Net assets/(liabilities) acquired	<hr/>	<hr/>	<hr/>	<hr/>
	365	312	(951)	(274)
Purchase consideration and costs of acquisition				<hr/>
				1,159
Goodwill at date of acquisition				<hr/> 1,433 <hr/>

Notes to the Financial Statements (*continued*)

3. REVENUE

The Group's revenue is substantially related to activities in the UK.

4. NOTES TO THE PROFIT AND LOSS ACCOUNT

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

	2013	2012
	£000	£000
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned	9,365	6,101
Leased	2,233	4,868
(Profit)/loss on disposal of fixed assets	(275)	284
Profit on disposal of investments	-	(569)
Amortisation of goodwill	873	826
Amortisation of other intangibles	224	445
Hire of plant and machinery – operating leases	85	117
Hire of other assets – operating leases	1,649	1,910
Exchange differences	(2)	12
	<hr/>	<hr/>
<i>Auditor's remuneration</i>	2013	2012
	£000	£000
Audit of these financial statements	122	126
Other services provided by the audit firm	388	542
	<hr/>	<hr/>

The audit firm also provided services relating to current year taxation of £0.1 million (2012: £0.1 million), services relating to previous years' taxation for both direct and indirect taxes totalling £0.3 million (2012: £0.3 million), and in 2012 a review of the Group I.T. strategy totalling £0.1 million.

Notes to the Financial Statements (continued)

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group during the year, analysed by category, was as follows:

	2013	2012
	Number	Number
Sales	21	11
Operations	734	650
Administrative	120	122
	<u>875</u>	<u>783</u>

The aggregate payroll costs of these people were as follows:

	2013	2012
	£000	£000
Wages and salaries	30,591	28,720
Social security costs	3,250	2,931
Other pension costs	837	729
	<u>34,678</u>	<u>32,380</u>

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2013	2012
	£000	£000
Bank interest	112	89
Expected return on defined benefit pension plan assets	44	48
	<u>156</u>	<u>137</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£000	£000
Bank interest	52	49
Other finance charges	71	53
Interest on defined benefit pension plan obligation	55	58
Hire purchase	247	428
	<u>425</u>	<u>588</u>

Notes to the Financial Statements (continued)

8. TAXATION

Analysis of charge in period

	2013	2012
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the period	1,771	1,774
Adjustments in respect of prior periods	(511)	(153)
Current tax	<u>1,260</u>	<u>1,621</u>
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	223	32
Adjustments in respect of prior periods	138	226
Effect of decreased tax rate	56	45
Deferred tax	<u>417</u>	<u>303</u>
Total tax on profit on ordinary activities	<u>1,677</u>	<u>1,924</u>
Tax relates to the following		
Parent and subsidiaries	1,676	1,923
Joint ventures	<u>1</u>	<u>1</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2012: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2013	2012
	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<u>5,488</u>	<u>6,251</u>
Current tax at 23.5% (2012:25.0%)	1,290	1,563
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2	286
Capital allowances for year in excess of depreciation	(46)	-
Depreciation for year in excess of capital allowances	151	111
Group relief	(9)	-
Adjustments in respect of prior periods	(511)	(153)
Fixed assets ineligible for depreciation	667	-
Other short term timing differences	(164)	(13)
Amounts credited directly to STRGL	(13)	2
Unrelieved tax losses and other deductions arising in the period	-	21
Utilisation of tax losses and other deductions	(107)	(196)
Tax on profit on ordinary activities	<u>1,260</u>	<u>1,621</u>

Notes to the Financial Statements (continued)

8. TAXATION (continued)

Factors that may affect future, current and total tax charges

The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 30 September 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

It is not anticipated that the effect of the announced further rate reduction will have a significant impact on the Group's results, although this will further reduce the Group's future current tax charge and reduce the Group's deferred tax asset accordingly.

The elements of unrecognised deferred taxation are as follows:

	2013	2012
	£000	£000
Fixed asset timing differences	60	119
Other timing differences	-	49
Unutilised losses	708	743
Unrecognised deferred tax asset	<u>768</u>	<u>911</u>

Deferred tax assets are only recognised to the extent that the Director considers it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. The Group did not recognise the above deferred tax asset in the period due to uncertainty as to the timing of the realisation of the amount. There are no unprovided deferred tax liabilities.

9. INTANGIBLE FIXED ASSETS

Group	Goodwill	Bid costs	Other	Total
	£000	£000	intangibles	£000
			£000	
COST				
At 1 October 2012	23,988	1,156	259	25,403
Adjustments to agreed consideration on acquisition (see note 2)	(2,756)	-	-	(2,756)
Additions	-	-	96	96
At 30 September 2013	<u>21,232</u>	<u>1,156</u>	<u>355</u>	<u>22,743</u>
AMORTISATION				
At 1 October 2012	9,371	1,039	60	10,470
Amortisation for year	873	117	107	1,097
At 30 September 2013	<u>10,244</u>	<u>1,156</u>	<u>167</u>	<u>11,567</u>
NET BOOK VALUE				
At 30 September 2013	<u>10,988</u>	<u>-</u>	<u>188</u>	<u>11,176</u>
At 30 September 2012	<u>14,617</u>	<u>117</u>	<u>199</u>	<u>14,933</u>

Notes to the Financial Statements (*continued*)

10. TANGIBLE FIXED ASSETS

Group	Short term leasehold improvements £000	Freehold property £000	Plant and machinery £000	Assets in course of construction £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
COST							
At 1 October 2012	13,681	7,763	64,152	-	11,346	2,618	99,560
Additions	3,224	277	8,935	4,238	1,019	643	18,336
Disposals	(14)	-	(4,506)	-	(129)	(396)	(5,045)
Reclassifications	-	358	691	-	(358)	(691)	-
At 30 September 2013	16,891	8,398	69,272	4,238	11,878	2,174	112,851
DEPRECIATION							
At 1 October 2012	4,828	1,337	35,733	-	8,609	1,047	51,554
Charge in the year	1,228	146	8,351	-	1,326	547	11,598
Disposals	(11)	-	(4,395)	-	(118)	(358)	(4,882)
Reclassifications	3	302	392	-	(302)	(395)	-
At 30 September 2013	6,048	1,785	40,081	-	9,515	841	58,270
NET BOOK VALUE							
At 30 September 2013	10,843	6,613	29,191	4,238	2,363	1,333	54,581
At 30 September 2012	8,853	6,426	28,419	-	2,737	1,571	48,006

There were no indications of impairment on the Group's fixed assets over the year.

Included in the total net book value of plant and machinery is £8,149,000 (2012: £8,446,000) in respect of assets held under hire purchase. Depreciation for the year on these assets was £2,049,000 (2012: £3,934,000).

Included in the total net book value of fixtures and fittings is £nil (2012: £184,000) in respect of assets held under hire purchase. Depreciation for the year on these assets was £184,000 (2012: £897,000).

Included in the total net book value of motor vehicles is £nil (2012: £nil) in respect of assets held under hire purchase. Depreciation for the year on these assets was £nil (2012: £37,000).

Notes to the Financial Statements *(continued)*

11. FIXED ASSET INVESTMENTS

Group	Interest in joint ventures £000
SHARE OF POST ACQUISITION RESERVES	
Retained profits less losses at 1 October 2012	(10)
Share of operating profit in joint ventures	94
	<hr/>
At 30 September 2013	84
	<hr/> <hr/>
NET BOOK VALUE	
At 30 September 2013	84
	<hr/> <hr/>
At 30 September 2012	(10)
	<hr/> <hr/>

Company	Shares in Group undertakings (restated) £000
COST	
At 1 October 2012 and 30 September 2013	54,064
	<hr/>
PROVISIONS	
At 1 October 2012 and 30 September 2013	-
	<hr/>
NET BOOK VALUE	
At 1 October 2012 and 30 September 2013	54,064
	<hr/> <hr/>

During the year the Director carried out an impairment review of the Company's and Group's fixed asset investments. No impairment charge was considered necessary.

In the opinion of the Director the aggregate value of the fixed asset investments is not less than the amount at which they are stated in the balance sheet.

Notes to the Financial Statements (continued)

11. FIXED ASSET INVESTMENTS (continued)

The investments in Group undertakings include the following companies in which the Company's interest at the year end is more than 20%:

	Principal activity	Percentage of shares held	Class of shares held (all ordinary)
Direct subsidiary undertaking			
InHealth Group Holdings PLC	Holding company	100%	£1
Subsidiary undertaking of InHealth Group Holdings PLC			
InHealth Group Limited	Holding company	100%	£1
Subsidiary undertakings of InHealth Group Limited			
InHealth Limited	Provision of healthcare services	100%	£1
InHealth Properties Limited	Property administration	100%	£1
InHealth Facilities Management Limited	Holding company	100%	£1
InHealth (London) Limited	Provision of diagnostic services	100%	£1
Subsidiary undertakings of InHealth Limited			
InHealth Molecular Imaging Limited	Provision of scanning services	100%	£1
Vista Diagnostics Limited	Provision of scanning services	100%	£1
Preventicum UK Limited	Holding company	100%	10p
Medical Imaging Group Limited	Holding company	100%	£1
InHealth Endoscopy Limited (formerly Prime Diagnostics Limited)	Diagnostic medical procedures	100%	£1
Lister InHealth Limited	Dormant	100%	£1
Cardinal InHealth Limited	Dormant	100%	1p
InHealth (ACAD) Limited	Dormant	100%	£1
Mobile P.E.T. Leasing Limited	Dormant	100%	£1
Molecular Imaging Solutions Limited	Dormant	100%	£1
Quantum Imaging Limited	Dormant	100%	50p
Subsidiary undertaking of Preventicum UK Limited			
Euroclinics (UK) Limited	Provision of health screening	100%	£1
Subsidiary undertakings of Medical Imaging Group Limited			
e-Locum Services Limited	Scan reporting services	100%	£1
Medical Imaging Audit and Accreditation Limited	Dormant	100%	£1
Participating interests of InHealth Endoscopy Limited			
Dorset Diagnostics Limited	Diagnostic medical procedures	50%	£1
Prime Endoscopy (Bristol) Limited	Diagnostic medical procedures	50%	£1
Subsidiaries of InHealth Properties Limited			
Primary Care Advisory Limited	Dormant	100%	£1
InHealth Diagnostic & Imaging Limited	Dormant	100%	£1

All of the companies above are incorporated in England and Wales. Within the year Pegasus Management S.A.R.L and Pegasus Management Holdings SCA (direct subsidiary undertakings of InHealth UK Holdings Limited, registered in Luxembourg) were liquidated.

12. STOCKS

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Consumables	1,086	793	-	-

InHealth UK Holdings Limited
 Director's report and financial statements
 for the year ended 30 September 2013

Notes to the Financial Statements (continued)

13. DEBTORS

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Amounts falling due within one year:				
Trade debtors	10,411	11,697	-	-
Other debtors	227	1,396	-	-
Deferred tax asset	126	543	-	-
Prepayments and accrued income	6,494	7,593	-	-
	<u>17,258</u>	<u>21,229</u>	<u>-</u>	<u>-</u>

Deferred tax asset

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Fixed asset timing differences	(31)	94	-	-
Other short term timing differences	50	339	-	-
Tax losses carried forward	107	110	-	-
	<u>126</u>	<u>543</u>	<u>-</u>	<u>-</u>

Deferred tax assets are only recognised to the extent that the Director considers it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. There are no unprovided deferred tax liabilities.

14. CREDITORS: amounts falling due within one year

	Group		Company	
	2013 £000	2012 £000	2013 £000	Restated* 2012 £000
Hire purchase contracts (see note 15)	1,988	2,872	-	-
Trade creditors	5,366	4,569	-	-
Amounts owed to Group undertakings	-	-	776	711
Taxation and social security	2,593	2,261	-	-
Other creditors	1,035	5,904	-	4,802
Accruals and deferred income	15,737	13,265	10	47
Bank loans and overdrafts	2	2	-	-
	<u>26,721</u>	<u>28,873</u>	<u>786</u>	<u>5,560</u>

*Please refer to note 1

Notes to the Financial Statements (*continued*)

15. CREDITORS: amounts falling after more than one year

	Group		Company	
	2013 £000	2012 £000	2013 £000	Restated* 2012 £000
Hire purchase contracts	3,441	3,251	-	-
Other creditors	4,869	3,873	4,802	-
Amounts owed to Group undertakings	-	-	1,506	1,506
	<u>8,310</u>	<u>7,124</u>	<u>6,308</u>	<u>1,506</u>

The maturity of obligations under finance leases and hire purchase contracts are as follows:

Group	Hire purchase contracts	
	2013 £000	2012 £000
Net obligations payable:		
Within one year	1,988	2,872
Between one and five years	3,441	3,251
	<u>5,429</u>	<u>6,123</u>

*Please refer to note 1

16. CALLED UP SHARE CAPITAL

	2013 £000	2012 £000
<i>Allotted, called up and fully paid</i>		
3 Ordinary shares of £1 each	-	-

17. RESERVES

Group	Other reserves £000	Profit and loss account £000	Total £000
At 1 October 2012	52,070	8,088	60,158
Profit for the year	-	3,581	3,581
Actuarial loss	-	(57)	(57)
At 30 September 2013	<u>52,070</u>	<u>11,612</u>	<u>63,682</u>

Company	Other reserves (restated) £000	Profit and loss account £000	Total (restated) £000
At 1 October 2012 (restated; please see note 1)	47,756	(758)	46,998
Loss for the year	-	(28)	(28)
At 30 September 2013	<u>47,756</u>	<u>(786)</u>	<u>46,970</u>

Notes to the Financial Statements (continued)

18. MINORITY INTERESTS

	2013 £000	2012 £000
At beginning of year	108	-
Retained profit/(loss) for the year	230	(7)
Acquisition of subsidiary undertakings	(338)	115
	<u>-</u>	<u>108</u>

19. RECONCILIATION OF SHAREHOLDERS' FUNDS

Group	2013 £000	2012 £000
Profit for the financial year	3,581	4,334
Actuarial (loss)/gain in relation to pension scheme	(57)	8
Minority interest	-	108
Net addition to shareholders' funds	<u>3,524</u>	<u>4,450</u>
Opening shareholders' funds	<u>60,158</u>	<u>55,708</u>
Closing shareholders' funds	<u>63,682</u>	<u>60,158</u>

Company	2013 £000	2012 (restated) £000
Loss for the financial year	(28)	(488)
Net movement in shareholders' funds	(28)	(488)
Opening shareholders' funds	<u>46,998</u>	<u>47,486</u>
Closing shareholders' funds	<u>46,970</u>	<u>46,998</u>

20. COMMITMENTS

Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2013 £000	2012 £000
Contracts placed for future capital expenditure not provided for in the financial statements	<u>3,381</u>	<u>1,519</u>

Capital commitments represent agreements to purchase MRI equipment and additional mobile trailers.

Annual commitments under non-cancellable operating leases are as follows:

	2013		2012	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	1,012	2	1,136	2
Between one and five years	613	382	499	69
In more than five years	671	12	214	175
	<u>2,296</u>	<u>396</u>	<u>1,849</u>	<u>246</u>

Notes to the Financial Statements (continued)

21. PENSION SCHEMES

The pension cost charged to the profit and loss account for the year represents contributions payable by the Group to all pension schemes and amounts to £837,000 (2012: £692,000).

Contributions amounting to £66,000 (2012: £58,000) were payable to the schemes at the end of the year relating to the final month and are included in creditors.

Defined contribution pension scheme

The Group operates a defined contribution pension scheme.

Multi-employer defined benefit pension scheme

The Group participates in a multi-employer defined benefit pension scheme whose assets are held under one combined scheme. There are 4 current employees and 1 deferred member in this scheme. The scheme uses a weighted approach in relation to its actuarial assumptions and asset allocation strategy. Insufficient information is available for the Group to account for the scheme as a defined benefit scheme. Contributions are set at a level to make good a deficit but the Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The contributions from the Group are set at a common level rather than reflecting the characteristics of the workforces of individual employers. On this basis the Group is accounting for this scheme as if it were a defined contribution scheme and its contributions are included above.

Defined benefit pension scheme

The Group operates a pension scheme providing benefits based on final pensionable pay. The latest actuarial valuation was carried out at 1 October 2010, which has been agreed between the Trustees and the relevant Group companies.

The information disclosed below is in respect of the whole of the Group for the periods shown.

The amounts recognised in the balance sheet are as follows:

	2013	2012
	£000	£000
Present value of funded obligations	(1,353)	(1,186)
Fair value of plan assets	1,100	954
	<u>(253)</u>	<u>(232)</u>

The amounts recognised in the profit and loss account are as follows:

	2013	2012
	£000	£000
Current service cost	54	71
Interest on defined benefit pension plan obligation	55	58
Expected return on defined benefit pension plan assets	(44)	(48)
	<u>65</u>	<u>81</u>
Actual return on plan assets	<u>(57)</u>	<u>8</u>

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Notes to the Financial Statements (continued)

21. PENSION SCHEMES (continued)

Defined benefit pension scheme (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2013	2012
	£000	£000
Opening defined benefit obligation	1,186	1,143
Current service cost	54	71
Contributions by scheme participants	11	12
Interest on defined benefit pension plan obligation	55	58
Actuarial loss/(gain)	82	(48)
Benefits paid	(35)	(50)
	<u>1,353</u>	<u>1,186</u>

Changes in the fair value of scheme assets are as follows:

	2013	2012
	£000	£000
Opening fair value of scheme assets	954	810
Contributions by employer	101	174
Contributions by scheme participants	11	12
Expected return on defined benefit pension plan assets	44	48
Actuarial loss/(gain)	25	(40)
Benefits paid	(35)	(50)
	<u>1,100</u>	<u>954</u>

The amounts recognised in the statement of total recognised gains and losses are as follows:

	2013	2012
	£000	£000
Actuarial (loss)/gain	<u>(57)</u>	<u>8</u>
Cumulative amount of actuarial losses	<u>(243)</u>	<u>(186)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013	2012
Unitised with profits policy	86.7%	83.3%
Cash	13.3%	16.7%
	<u>100.0%</u>	<u>100.0%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2013	2012
Discount rate	4.60%	4.60%
Expected return on scheme assets	4.32%	4.42%
Future salary increases	3.40%	3.55%
Pension escalation in payment to October 2005	5.00%	5.00%
Pension escalation in payment from 1 October 2005 to 30 September 2012	3.30%	2.80%
Inflation assumption	3.40%	2.80%
Pension revaluation in deferment	2.50%	2.00%
Pension escalation in payment from 1 October 2012	3.30%	2.80%

Notes to the Financial Statements (continued)

21. PENSION SCHEMES (continued)

Defined benefit pension scheme (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 24 years (male), 26 years (female)
- Future retiree upon reaching 65: 26 years (male), 27 years (female)

Amounts for the current and previous four periods are as follows:

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit pension plan					
Defined benefit obligation	(1,353)	(1,186)	(1,143)	(1,191)	(1,287)
Fair value of scheme assets	1,100	954	810	721	1,030
(Deficit)/surplus	<u>(253)</u>	<u>(232)</u>	<u>(333)</u>	<u>(470)</u>	<u>(257)</u>
Experience adjustments on scheme liabilities	<u>8</u>	<u>(7)</u>	<u>88</u>	<u>(19)</u>	<u>(54)</u>
Experience adjustments on scheme assets	<u>25</u>	<u>(40)</u>	<u>3</u>	<u>22</u>	<u>(251)</u>

22. SHARE BASED PAYMENTS

The Group's growth share plan allows certain members of senior management to be invited to purchase shares in InHealth Group Limited. On 27 September 2013, 83,560 shares were issued as part of this share scheme. None had been issued prior to this. The total expense recognised for the year and the total liabilities recognised at the end of the year arising from share based payments was nil as the consideration received for these shares was equal to their fair value.

23. RELATED PARTY DISCLOSURES

Total sales by the Group to its joint ventures were £577,000 (2012: £107,000). The outstanding balance at the year end with the joint ventures was an amount owed to the group of £42,000 (2012: £175,000). This balance is included in other debtors in note 13.

Total purchases by the Group from the joint ventures were £2,000 (2012: £171,000). The outstanding balance at the year end with the joint ventures was £nil (2012: £391,000).

24. EVENTS AFTER THE BALANCE SHEET DATE

On 15 January 2014, InHealth Limited acquired 100% of the shares of Echotech Limited. Echotech is a provider of high quality community based cardiology services to NHS patients across the UK, relying on very experienced peripatetic staff and state of the art diagnostic equipment. InHealth and Echotech have been working in partnership since 2007 in a number of regions.

25. ULTIMATE CONTROLLING PARTY

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.