

Registration number: 03846307

Tunstall Holdings Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2018

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Strategic Report for the Year Ended 30 September 2018

The Directors present their Strategic Report for the year ended 30 September 2018.

Principal activity

The Company is a member of the Tunstall Group and its ultimate parent company is Tunstall Healthcare Group Limited.

The Company is a parent company whose primary objective is to provide finance to Tunstall Group subsidiaries ("the Group") where applicable. The principal activity of its subsidiary undertakings is the provision of Connected Care and Connected Health solutions.

Review of the business

Financial performance

The results for the year are contained in the accompanying Income Statement account which shows a loss after tax for the financial year of £4,081,000 (2017 - loss of £4,287,000).

The finance income for the year of £12,965,000 (2017 - £11,966,000) was derived from loans to Group companies. The finance costs for the year were £17,460,000 (2017 - £16,116,000) principally in relation to interest on loans from Group companies. An analysis of finance income and finance costs is shown in notes 5 and 6 of the financial statements.

Position of the Company's business at the year ended 30 September 2018

As at 30 September 2018 the Company had net liabilities of £78,325,000 (2017 - £74,244,000).

Key performance indicators

The Company does not trade, instead its income and expenses are derived from its loans to and from Group companies. The Directors refer to the Company's financial performance and position in evaluating the Company's performance.

The Directors expect the Company to continue with the same principal activities for the foreseeable future.

Going concern

In considering the appropriate basis on which to prepare the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The Directors have considered the net liability position of £78,325,000 (2017 - £74,244,000) of the Company as at 30 September 2018. This net liability position almost entirely arises as a result of intercompany borrowings and amounts due from other Group companies. Tunstall Healthcare Group Limited has confirmed it will provide sufficient financial support, should it be required, to enable the Company to meet its liabilities as they fall due for a period of not less than twelve months from the date of approval of the financial statements, as long as the Company remains within the Group. The Group as a whole operates a stable business with a number of customers and suppliers across different geographic regions and has considerable financial resources with a cash balance at 30 September 2018 amounting to £22,076,000 (2017 - £34,072,000).

Strategic Report for the Year Ended 30 September 2018 (continued)

Going concern (continued)

The Directors have made an assessment and satisfied themselves of the Group's and Company's ability to continue as a going concern. The key elements of this assessment were the Group's and Company's forecasts and projections, in addition to the resetting of the Group's Senior Debt covenants effective 17 March 2017 and further amended in February 2018 and January 2019 in order to provide additional flexibility to implement the Group's strategy at pace. These forecasts and projections, taking account of reasonably possible changes in trading performance, show the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of this report in addition to ensuring continued compliance with the Group's financial covenants for the foreseeable future.

The Directors are of the opinion that the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of this report. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Principal risks and uncertainties

Foreign exchange risk

The Group has bank borrowings denominated in GBP and EURO as disclosed in the financial statements of the ultimate parent company, Tunstall Healthcare Group Limited. As a result of the Company's role in financing the activities of the Group's subsidiary companies, the borrowings of the Company are subject to uncertainty dependent on the year-end EURO exchange rate.

Interest rate risk

The borrowings of the Group are at fixed margins above LIBOR and EURIBOR. As a result of the Company's role in financing the activities of the Group's subsidiary companies, the borrowings of the Company are subject to uncertainty dependent on the LIBOR and EURIBOR interest rates. The risk of fluctuations in the bank borrowing rates are managed through a number of interest rate hedges disclosed in the financial statements of the ultimate parent company, Tunstall Healthcare Group Limited.

Events after the Financial Period

On 17 January 2019 the Group reached an agreement with its Senior Debt providers to further defer key milestone dates associated with the conditions of the financing arrangement dated 17 March 2017 and extended in February 2018. At the year end there was uncertainty about the Group's ability to meet one of its milestone covenants. This deferral means the covenant now falls at a time when management expect the key milestone to be achievable. This has no impact upon the financial covenants previously agreed.

Approved by the Board on 12 February 2019 and signed on its behalf by:



Jon Furniss
Company Secretary
Whitley Lodge
Whitley Bridge
Doncaster
DN14 0HR

Directors' Report for the Year Ended 30 September 2018

The Directors present their Report and the financial statements for the year ended 30 September 2018.

The company has chosen in accordance with Section 414c(11) of the Companies Act 2006 to set out in the Strategic Report, information that would otherwise be required to be contained in the Directors' Report.

Directors of the Company

The Directors, who held office during the year and subsequently, were:

G Sutherland

C Parsons

The following director was appointed after the year end:

L Robinson (appointed 25 January 2019)

Qualifying third party indemnity provisions

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Financial risk policy

The Company's financial risk policy is disclosed in the Strategic Report.

Dividends

The Directors do not propose the payment of a dividend (2017 - £nil).

Political contributions

The Company made no political donations and did not incur any political expenditure during the year.

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Reappointment of auditor

In accordance with section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 12 February 2019 and signed on its behalf by:



Jon Furniss
Company Secretary
Whitley Lodge
Whitley Bridge
Doncaster
DN14 0HR

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

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of Tunstall Holdings Limited

Opinion

We have audited the financial statements of Tunstall Holdings Limited ("the company") for the year ended 30 September 2018, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments and intercompany receivables, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Independent auditor's report to the members of Tunstall Holdings Limited *(continued)*

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Independent auditor's report to the members of Tunstall Holdings Limited *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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



David Morritt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

12 February 2019

Income Statement for the Year Ended 30 September 2018

	Note	2018 £ 000	2017 £ 000
Administrative expenses		<u>(42)</u>	<u>(41)</u>
Operating loss		<u>(42)</u>	<u>(41)</u>
Finance income	5	12,965	11,966
Finance costs	6	<u>(17,460)</u>	<u>(16,116)</u>
Net finance cost		<u>(4,495)</u>	<u>(4,150)</u>
Loss before tax		(4,537)	(4,191)
Income tax credit/(expense)	9	<u>456</u>	<u>(96)</u>
Loss for the year		<u><u>(4,081)</u></u>	<u><u>(4,287)</u></u>

The above results were derived from continuing operations.

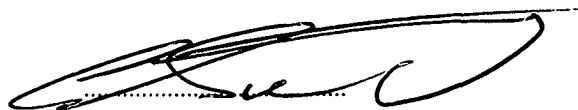
Statement of Comprehensive Income for the Year Ended 30 September 2018

	2018 £ 000	2017 £ 000
Loss for the year	<u>(4,081)</u>	<u>(4,287)</u>
Total comprehensive loss for the year	<u><u>(4,081)</u></u>	<u><u>(4,287)</u></u>

Statement of Financial Position as at 30 September 2018

	Note	2018 £ 000	2017 £ 000
Non-current assets			
Investments	10	-	-
Amounts owed by subsidiary undertakings	11	188,915	178,221
Amounts owed by parent and ultimate parent undertakings	11	40,121	37,850
		<u>229,036</u>	<u>216,071</u>
Current assets			
Income tax asset		862	817
Total assets		<u>229,898</u>	<u>216,888</u>
Non-current liabilities			
Loans and borrowings	12	(308,223)	(291,132)
Total liabilities		<u>(308,223)</u>	<u>(291,132)</u>
Net liabilities		<u>(78,325)</u>	<u>(74,244)</u>
Equity			
Share capital	13	20,419	20,419
Share premium		2,767	2,767
Accumulated losses		(101,511)	(97,430)
Equity attributable to owners of the Company		<u>(78,325)</u>	<u>(74,244)</u>

Approved by the Board on 12 February 2019 and signed on its behalf by:



G Sutherland
Director

Registration number: 03846307

Statement of Changes in Equity for the Year Ended 30 September 2018

	Share capital £ 000	Share premium £ 000	Accumulated losses £ 000	Total £ 000
At 1 October 2016	20,419	2,767	(93,143)	(69,957)
Loss for the year	-	-	(4,287)	(4,287)
Total comprehensive loss	-	-	(4,287)	(4,287)
At 30 September 2017	20,419	2,767	(97,430)	(74,244)

	Share capital £ 000	Share premium £ 000	Accumulated losses £ 000	Total £ 000
At 1 October 2017	20,419	2,767	(97,430)	(74,244)
Loss for the year	-	-	(4,081)	(4,081)
Total comprehensive loss	-	-	(4,081)	(4,081)
At 30 September 2018	20,419	2,767	(101,511)	(78,325)

Notes to the Financial Statements for the Year Ended 30 September 2018

1 General information

The Company is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

Whitley Lodge
Whitley Bridge
Doncaster
DN14 0HR
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements for the year ended 30 September 2018 have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/2015 Cycle) issued in July 2015 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 European Union ("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.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

The financial statements are prepared on the historical cost basis.

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures;

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a Management entity that provides Key Management Personnel services to the Company.

As the consolidated financial statements of the ultimate parent company, Tunstall Healthcare Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures;

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

2 Accounting policies (continued)

- Certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 - 'Financial Instrument Disclosures'.

Application of new and revised International Financial Reporting Standards

The following Adopted IFRSs have been issued but have not been applied by the Company in these financial statements.

- IFRS 9 Financial Instruments (effective date 1 January 2018);
- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2018);
- IFRS 16 Leases (effective date 1 January 2019);
- IFRS 17 Insurance Contracts (effective date to be confirmed).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective date to be confirmed).
- IFRIC 23 Uncertainty over Income Tax Treatments (effective date to be confirmed).
- Annual Improvements to IFRS Standards 2014-2016 Cycle (effective date to be confirmed).

These standards will be adopted by the Company in future accounting periods. These standards are not expected to have a significant impact on the financial position of the Company.

Exemption from preparing Group financial statements

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly-owned subsidiary of Tunstall Healthcare Group Limited which prepares consolidated financial statements in accordance with International Financial Reporting Standards that are publicly available and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ. These financial statements present information about the Company as an individual undertaking and not about its Group.

Going concern

In considering the appropriate basis on which to prepare the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The Directors have considered the net liability position of £78,325,000 (2017 - £74,244,000) of the Company as at 30 September 2018. This net liability position almost entirely arises as a result of intercompany borrowings and amounts due from other Group companies. Tunstall Healthcare Group Limited has confirmed it will provide sufficient financial support, should it be required, to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements, as long as the Company remains within the Group. The Group as a whole operates a stable business with a number of customers and suppliers across different geographic regions and has considerable financial resources with a cash balance at 30 September 2018 amounting to £22,076,000 (2017 - £34,072,000).

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

2 Accounting policies (continued)

The Directors have made an assessment and satisfied themselves of the Group's and Company's ability to continue as a going concern. The key elements of this assessment were the Group's and Company's forecasts and projections, in addition to the resetting of the Group's Senior Debt covenants effective 17 March 2017 and further amended in February 2018 and January 2019 in order to provide additional flexibility to implement the Group's strategy at pace. These forecasts and projections, taking account of reasonably possible changes in trading performance, show the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of this report in addition to ensuring continued compliance with the Group's financial covenants for the foreseeable future.

The Directors are of the opinion that the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of this report. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement in the line which most appropriately reflects the nature of the item or transaction.

Taxation

Current and deferred tax are recognised in the Income Statement as income tax expense or receipt, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The current income tax expense is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the United Kingdom.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Investments

Investments in subsidiary undertakings are stated at cost, less provisions for impairment as required.

Financial instruments

Financial instruments include interest bearing loans and other borrowings which are initially recognised at the fair value of the consideration received net of issues costs associated with the borrowing. After initial recognition, interest bearing loans are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

2 Accounting policies (continued)

Finance income and costs policy

Finance costs and income arising on interest-bearing financial instruments carried at amortised cost are recognised in the Income Statement using the effective interest rate method. Finance costs include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

Finance costs and income also include foreign currency gains or losses on foreign currency financial assets and liabilities.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Impairment of non-current assets

At each reporting date, the Company reviews the carrying amounts of its investments and intercompany receivables to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of the asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Trade and other receivables

Trade and other receivables 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. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Estimated future cash flows are not discounted due to the relatively short period of time between recognition of trade receivables and receipt of cash.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. The value of trade payables is the value that would be payable to settle the liability at the reporting date.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires the exercise of judgement in applying accounting policies. Management continually evaluate estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity are described below.

Current tax

The actual tax paid is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear estimates are used to determine the liability for the tax to be paid on past profits recognised in the financial statements. The final determination of prior year tax liabilities could be different from the estimates reflected in the financial statements.

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of intercompany receivables and investments

The recoverability of intercompany receivables and investments is an area of significant judgement and is determined with reference to the net assets or value in use of subsidiary undertakings.

4 Impairment of non-current assets

During the year, the Directors have reviewed the carrying value of investments and the recoverability of non-current intercompany receivables. As a result, no impairment loss has been recognised in the Income Statement for the year ended 30 September 2018 (2017 - £nil).

5 Finance income

	2018 £ 000	2017 £ 000
Finance income from subsidiary undertakings	<u>12,965</u>	<u>11,966</u>

6 Finance costs

	2018 £ 000	2017 £ 000
Interest payable to subsidiary undertakings	<u>17,460</u>	<u>16,116</u>

7 Directors' remuneration

All the Directors were remunerated by an affiliate company in the current and prior year. The fair value of services provided was £nil (2017 - £nil). Apart from the Directors, the Company had no other employees during the year (2017 - nil).

8 Auditor's remuneration

	2018 £ 000	2017 £ 000
Audit of these financial statements	3	3
Taxation services	<u>-</u>	<u>1</u>
	<u>3</u>	<u>4</u>

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

9 Income tax

Tax credited/(charged) in the income statement

	2018	2017
	£ 000	£ 000
Current taxation		
UK corporation tax	(862)	(818)
UK corporation tax adjustment to prior periods	406	914
	<u>(456)</u>	<u>96</u>

Factors affecting the tax credit/(expense) for the current period

The tax on loss before tax for the year is based on a blended UK statutory rate of corporation tax for the period of 19% (2017 - 19.5%).

The differences are reconciled below:

	2018	2017
	£ 000	£ 000
Loss for the year	(4,081)	(4,287)
Income tax (credit)/expense	(456)	96
Loss before tax	<u>(4,537)</u>	<u>(4,191)</u>
Corporation tax at standard rate	(862)	(818)
UK corporation tax adjustment in respect of prior periods	406	914
Total tax (credit)/expense	<u>(456)</u>	<u>96</u>

Factors affecting future tax charges

Changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020. A further change to the UK corporation tax rate was substantively enacted as part of the Finance Bill 2016 on 6 September 2016. This includes a reduction in the main rate to reduce the rate to 17% from 1 April 2020. This will affect the Company's future tax liability accordingly.

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

10 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 October 2017	63,438
At 30 September 2018	63,438
Provision	
At 1 October 2017	63,438
At 30 September 2018	63,438
Carrying amount	
At 30 September 2018	-
At 30 September 2017	-

At 30 September 2018, the Company's investments are as follows (* indicates direct investment of the Company rather than via a subsidiary):

All shares held are Ordinary Shares unless otherwise stated.

Name of subsidiary	Principal activity	Country of incorporation	% Shareholding
Blythmore Limited*	Intermediate holding company	England	100%
Tunstall Trustee Company Limited*	Non-trading entity	England	100%
Tunstall Australasia Pty Limited	Sale and monitoring of community alarms and telehealth equipment	Australia	100%
Tunstall Canada Inc.	Sale and monitoring of community alarms and telehealth equipment	Canada	100%
Tunstall Electronics Limited	Non-trading entity	England	100%
Tunstall Group Limited	Intermediate holding company	England	100%
Tunstall Healthcare (UK) Limited	Marketing, installation and service of community alarms	England	100%
Tunstall Monitoring Limited	Intermediate holding company	England	100%

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation	% Shareholding
Tunstall Response Limited	Non-trading entity	England	100%
Whitley Securities Limited	Non-trading entity	England	100%
Emergency Response Limited	Marketing, installation and service of community alarms	Ireland	100%
Tunstall New Zealand Limited	Monitoring of community alarms	New Zealand	100%
La Saleta Tunstall S.L.	Sale and monitoring of community alarms and telehealth equipment	Spain	100%
Saludnova Solutions S.L.	Telehealth	Spain	100%
Televida Servicios Sociosanitarios SL	Monitoring of community alarms and provider of healthcare response services	Spain	100%
Tunstall Iberica SA	Marketing, installation and service of community alarms	Spain	100%
UTE Televida GSR	Monitoring of community alarms and provider of healthcare response services	Spain	85%
UTE Televida Tunstall GSR IMQ	Monitoring of community alarms and provider of healthcare response services	Spain	80%
U.T.E Televida Tunstall, GSR Group Igualmequisa	Monitoring of community alarms and provider of healthcare response services	Spain	80%
UTE Televida Tunstall	Monitoring of community alarms and provider of healthcare response services	Spain	95%
Tunstall Taiwan Co Ltd	Non-trading entity	Taiwan	100%

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

10 Investments (continued)

The registered office for entities in the respective country of registration is as follows:

Country	Registered office
England	Whitley Lodge, Whitley Bridge, Doncaster, DN14 0HR, United Kingdom
Ireland	Ryland Road, Buncloody, Enniscorthy, Co Wexford, Ireland
Spain	Avda. de Castilla, 2 Parque Empresarial San Fernando, Edificio Munich, 2ª Planta, 28830 San Fernando de Henares, Madrid, Spain
Australia	Unit 1, 56 Lavarack Ave, Eagle Farm, Queensland 4009, Australia
New Zealand	Suite 2, 65 Chapel Street, Tauranga, 3110, New Zealand
Canada	111 Zenway Blvd, Unit 6A, Woodbridge, Ontario, L4H 3H9, Canada
Taiwan	4F-1, N0220, Songjiang Rd, Zhongshan District, Taipei City, 104, Taiwan

11 Trade and other receivables

Non-current

	2018 £ 000	2017 £ 000
Amounts owed by subsidiary undertakings	188,915	178,221
Amounts owed by parent and ultimate parent undertakings	40,121	37,850
Total non-current trade and other receivables	<u>229,036</u>	<u>216,071</u>

The Company has formal documented intercompany loan agreements. Under the terms of these agreements interest is charged at 6% (2017 : 6%) which reflects the cost of borrowing of the Group. The loans are unsecured and repayable 12 months following written notice from the Company, or change of ownership of the Borrower, whichever is earlier.

12 Loans and borrowings

	2018 £ 000	2017 £ 000
Non-current loans and borrowings		
Amounts owed to subsidiary undertakings	28,409	27,197
Amounts owed to parent and ultimate parent undertakings	279,814	263,935
	<u>308,223</u>	<u>291,132</u>

The Company has formal documented intercompany loan agreements. Under the terms of these agreements interest is charged at 6% (2017 - 6%) which reflects the cost of borrowing of the Group. The loans are unsecured and repayable 12 months following written notice from the Company, or change of ownership of the Borrower, whichever is earlier.

Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

13 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
204,190,215 ordinary shares of £0.10 each	204,190	20,419	204,190	20,419

14 Capital Commitments

The company is committed to incur other capital expenditure of £nil (2017: £nil).

15 Related parties

The company has taken advantage of the exemption to disclose transactions with wholly owned group companies.

16 Contingent liabilities

The shares and assets of the Company are pledged by Tunstall Group Holdings Limited to their lenders as security against loans provided.

17 Parent and ultimate parent undertaking

The Company's immediate parent is Tunstall Group Acquisition Limited.

The ultimate parent is Tunstall Healthcare Group Limited.

The most senior parent entity producing publicly available financial statements is Tunstall Healthcare Group Limited. The smallest and largest group in which the results of the Company are consolidated are Tunstall Group Holdings Limited and Tunstall Healthcare Group Limited respectively. These financial statements are available upon request from the Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ.

Each of these companies is registered in England and Wales, with a registered office at Whitley Lodge, Whitley Bridge, Doncaster DN14 0HR.

18 Events after the financial period

On 17 January 2019 the Group reached an agreement with its Senior Debt providers to further defer key milestone dates associated with the conditions of the financing arrangement dated 17 March 2017 and extended in February 2018. At the year end there was uncertainty about the Group's ability to meet one of its milestone covenants. This deferral means the covenant now falls at a time when management expect the key milestone to be achievable. This has no impact upon the financial covenants previously agreed.