

ARTERIAL VASCULAR ENGINEERING UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 APRIL 2018

Registered Number: 3141707



ARTERIAL VASCULAR ENGINEERING UK LIMITED

ARTERIAL VASCULAR ENGINEERING UK LIMITED

COMPANY INFORMATION

COMPANY SECRETARY

Mitre Secretaries Limited
Cannon Place
78 Cannon Street
London
EC4N 6AF

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
St Albans
Herts
AL1 3JX

SOLICITORS

CMS Cameron McKenna LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

REGISTERED OFFICE

Cannon Place
78 Cannon Street
London
EC4N 6AF

ARTERIAL VASCULAR ENGINEERING UK LIMITED

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ARTERIAL VASCULAR ENGINEERING UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 27 April 2018

PRINCIPAL ACTIVITIES

The Company's principal activity is to manage derivatives on behalf of Medtronic PLC.

BUSINESS REVIEW

Arterial Vascular Engineering Limited is a hedging entity for Medtronic PLC. The medical device industry is highly competitive and Medtronic Limited continues to market leading edge technological products in order to maintain and indeed grow market share in many of the medical areas in which it operates.

The results and state of affairs are set out in the attached financial statements. The loss before taxation is £30,539,653 (year ended 28 April 2017 profit: £82,758,809).

At the end of the year, the Company had net assets of £98,829,304 compared to £123,392,931 at the end of the prior period.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the Company is the fluctuation of the US dollar exchange rate to Sterling. Arterial Vascular Engineering UK Limited is liable for the risk involved in significant losses which may arise from significant fluctuations in the exchange rate. However, since this entity is used within the Group as part of the Medtronic group's hedging strategy, it continues to be supported by its parent, Medtronic PLC as necessary.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business we are of the opinion that further analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.



P Albert
Director

13 December 2018

ARTERIAL VASCULAR ENGINEERING UK LIMITED

DIRECTORS' REPORT

The director presents the annual report and the audited financial statements of the Company for the year ended 27 April 2018. The comparative figures are for the year ended 28 April 2017.

At the end of the current year, the Company had net assets of £98,829,304 compared to £123,392,931 at the end of the prior year.

BUSINESS REVIEW AND FUTURE OUTLOOK

Arterial Vascular Engineering UK Limited enters into foreign exchange forward contracts as part of the Medtronic group's hedging strategy. It will continue to do so in the future and earn the gains or incur the losses which will result from the volatility of the US dollar exchange rate to Sterling.

DIVIDENDS

No dividend was paid during the year (2017: nil).

EMPLOYEES

The company had no employee during the year (2017: nil).

DIRECTORS

The directors of the Company during the year and up to the date of signing the financial statements were as follows:

P Albert

Secretary: Mitre Secretaries Limited

FINANCIAL RISK MANAGEMENT

The objective of financial risk management in the company is to minimize the impact of market factors such as changes in foreign exchange rates and interest rates on the basic financial parameters approved in the group's budget for a particular year. Medtronic group uses hedging techniques and derivatives to achieve this objective and the company is one of the group entities which engages in this activity. However, overall hedging strategy and the underlying risks are managed by the group treasury team.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Following shareholder's approval, the Company has provided an indemnity for its directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity was in force throughout the year and up to the date of signing these financial statements.

ARTERIAL VASCULAR ENGINEERING UK LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

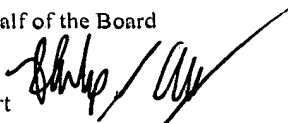
STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

P Albert
Director



13 December 2018

ARTERIAL VASCULAR ENGINEERING UK LIMITED

Independent auditors' report to the members of Arterial Vascular Engineering Limited

Report on the audit of the financial statements

Opinion

In our opinion, Arterial Vascular Engineering Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 27 April 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 27 April 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

ARTERIAL VASCULAR ENGINEERING UK LIMITED

Independent auditors' report to the members of Arterial Vascular Engineering Limited (continued)

Reporting on other information (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 27 April 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

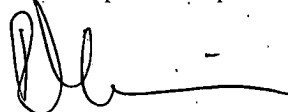
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Radek Vik (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

13 December 2018

ARTERIAL VASCULAR ENGINEERING UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 27 April 2018

	Note	Year ended 27 April 2018 £	Year ended 28 April 2017 £
Net fair value movements in forward contracts	4	(28,973,807)	81,211,133
Administrative expenses		(5,695)	(21,522)
Other operating (loss)/income		(2,944,810)	1,074,861
OPERATING (LOSS)/PROFIT	5	(31,924,312)	82,264,472
Interest receivable and similar income	7	1,384,658	576,287
Interest payable and similar expenses	8	-	(81,950)
(LOSS)/PROFIT BEFORE TAXATION		(30,539,653)	82,758,809
Tax on profit	9	5,976,026	(15,837,124)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(24,563,627)	66,921,685
Other comprehensive income:			
Other comprehensive income for the year, net of tax			
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE YEAR		(24,563,627)	66,921,685

All amounts relate to continuing activities.

ARTERIAL VASCULAR ENGINEERING UK LIMITED

BALANCE SHEET AS AT 27 April 2018

		As at 27 April 2018 £	As at 28 April 2017 £
CURRENT ASSETS			
Debtors	10	104,161,954	112,255,814
Investments	11	23,744,295	34,251,076
		127,906,249	146,506,890
CRÉDITORS: Amount falling due within one year	12	(29,076,945)	(23,113,959)
NET ASSETS		98,829,304	123,392,931
CAPITAL AND RESERVES			
Called up share capital	14	1,000	1,000
Capital contribution reserve		4,875,000	4,875,000
Retained earnings		93,953,304	118,516,931
TOTAL EQUITY		98,829,304	123,392,931

The financial statements of Arterial Vascular Engineering UK Limited (registration number 3141707) on pages 8 to 19 were approved by the Board on 13 December 2018 and signed on its behalf by:


P Albert
Director

ARTERIAL VASCULAR ENGINEERING UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 27 April 2018

	Called up Share capital £	Capital contribution reserve £	Retained earnings £	Total equity £
BALANCE AS AT 30 APRIL 2016	1,000	4,875,000	51,595,246	56,471,246
Profit for the financial year	-	-	66,921,685	66,921,685
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	66,921,685	66,921,685
Dividends	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-
BALANCE AS AT 28 APRIL 2017	1,000	4,875,000	118,516,931	123,392,931
Loss for the financial year	-	-	(24,563,627)	(24,563,627)
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	(24,563,627)	(24,563,627)
Dividends	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-
BALANCE AS AT 27 April 2018	1,000	4,875,000	93,953,304	98,829,304

ARTERIAL VASCULAR ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 April 2018

1 GENERAL INFORMATION

Arterial Vascular Engineering UK Limited is a private Company limited by shares and it is incorporated and domiciled in United Kingdom. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The principal activities of the Company during the year were entering into foreign exchange forward contracts as part of the Medtronic group's hedging strategy.

2 STATEMENT OF COMPLIANCE

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgement and key source of estimation uncertainty' section below.

b) Going concern

On the basis of their assessment of the Company's financial position and resources, the directors believe that the Company is well placed to manage its business risks. Therefore the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c) Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of Medtronic Plc which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- (iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- (iv) From the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

ARTERIAL VASCULAR ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 April 2018 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Foreign currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling and rounded to thousands.

(ii) Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

e) Net fair value movements on forward contracts

Net fair movements on forward contracts relates to realised and unrealised profit or loss from hedging activities. These relate to profits and losses on both the maturity of forward contracts and movements in the value of unmatured forward contracts between the balance sheet dates.

f) Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ARTERIAL VASCULAR ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 April 2018 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Taxation (continued)

(ii) *Deferred taxation*

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

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

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

g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

h) Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) *Financial assets*

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ARTERIAL VASCULAR ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 April 2018 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (continued)

(i) *Financial assets (continued)*

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

(ii) *Financial Liabilities*

Basic financial liabilities, including trade and other creditors and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in turnover.

The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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

(iii) *Offsetting*

Financial assets and liabilities are offset and the net amount presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

i) Related party transactions

As the Company is wholly owned by its ultimate parent company, Medtronic Plc., which prepares publicly available consolidated financial statements, it has taken advantage of the exemption contained in 33.1A of FRS 102 and has therefore not disclosed details of transactions and balances with group companies.

ARTERIAL VASCULAR ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 April 2018 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Critical accounting judgement and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no material or critical areas of accounting judgement or estimation uncertainty.

k) Future amendments to FRS 102

Amendments to FRS 102 were issued in July 2015 as a result of changes in the EU-directives and UK Companies Regulation. The amendments are mandatory for periods beginning on or after 1 January 2016, with early adoption permitted for periods beginning on or after 1 January 2015. None of these have a significant effect on the financial statements of the Company.

4 NET FAIR VALUE MOVEMENT ON FORWARD CONTRACTS

Net fair value movement on forward contracts relates to realised and unrealised profit or loss from hedging activities. These relate to profits and losses upon the maturity of forward contracts or movements in their valuation between Balance Sheet dates.

5 OPERATING (LOSS)/PROFIT

	Year ended 27 April 2018	Year ended 28 April 2017
	£	£
Operating (loss)/profit is stated after charging:		
Foreign exchange gain on investments	2,944,810	1,074,861
Auditors remuneration:		
Audit fees	9,914	9,914

6 DIRECTORS' REMUNERATION AND STAFF COSTS

No remuneration was receivable by the directors for their services to the Company during the year (2017: £nil). The Company had no employee during the year (2017: nil).

ARTERIAL VASCULAR ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 April 2018 (CONTINUED)

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 27 April 2018 £	Year ended 28 April 2017 £
Interest receivable on intercompany loans	1,384,658	576,287
Total interest receivable and similar income	1,384,658	576,287

8 INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 27 April 2018 £	Year ended 28 April 2017 £
Interest payable on investment	-	(81,950)
Total interest payable and similar charges	-	(81,950)

9 TAX ON (LOSS)/PROFIT

a) Tax expense included in profit or loss

	Year ended 27 April 2018 £	Year ended 28 April 2017 £
Current tax:		
Corporation tax income/(charge) on profit for the financial year	(5,765,785)	16,811,912
Adjustment in respect of previous periods	(1,814)	(480,087)
Total current tax	(5,767,599)	16,331,825
Deferred tax:		
Origination and reversal of timing differences	(304,705)	(319,555)
Adjustment in respect of previous periods	56	-
Effect of changes in tax rates	96,222	(175,146)
Total deferred tax	(208,427)	(494,701)
Tax on profit	(5,976,026)	15,837,124

ARTERIAL VASCULAR ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 April 2018 (CONTINUED)

9 TAX ON (LOSS)/PROFIT (CONTINUED)

b) Reconciliation of tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: of 20%). The differences are reconciled below.

	Year ended 27 April 2018 £	Year ended 28 April 2017 £
(Loss)/Profit before taxation	(30,539,653)	82,758,809
(Loss)/Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.93%)	(5,802,534)	16,490,543
Effects of:		
Expenses not deductible for tax purposes	(267,955)	1,814
Adjustment in respect of previous periods	(1,758)	(480,087)
Other	96,221	(175,146)
Total tax charge for the year	(5,976,026)	15,837,124

c) Tax rate changes

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

No deferred tax asset has been recognised for tax losses carried forward due to uncertain future profits/losses. The total amount of tax losses unrecognised is nil (2017: £3,246,000).

ARTERIAL VASCULAR ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 April 2018 (CONTINUED)

10 DEBTORS

	2018 £	2017 £
Amounts owed by group undertakings	91,935,975	81,583,377
Corporation tax	9,449,488	-
Derivative financial instruments	2,718,616	30,521,706
Other debtors	57,875	150,731
	104,161,954	112,255,814

The amounts owed by group undertakings relates predominantly to a loan facility between the Company and Medtronic International Technology Incorporated (MITI) repayable on demand. The interest rate on this facility is variable and averaged 1.60% in the year. The amounts are unsecured and repayable on demand.

11 INVESTMENTS

	2018 £	2017 £
Short-term investments	23,744,295	34,251,076

Short-term investments relate to other short term deposits held as part of the company's hedging strategy that mature and become liquid in more than 3 months. These are US Government Agency bonds that are purchased at a discount rate.

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Amounts owed to group undertakings	4,854,252	11,033,091
Corporation tax	-	9,874,966
Deferred tax	1,970,319	2,178,746
Derivative financial instruments	22,250,257	-
Other creditors	2,117	27,156
	29,076,945	23,113,959

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

13 FINANCIAL INSTRUMENTS

The Company has the following financial instruments:

	Note	2018 £	2017 £
Financial assets at fair value through profit or loss:			
Derivative financial instruments	10	2,718,616	30,521,706
Short term investments	11	23,744,295	34,251,076
		26,462,911	64,772,782
Financial liabilities measured at fair value through profit or loss:			
Derivative financial instruments	12	22,250,257	-
		22,250,257	-

ARTERIAL VASCULAR ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 April 2018 (CONTINUED)

13 FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments:

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk as part of the Medtronic group's hedging strategy. At 27 April 2018, the outstanding contracts all mature within 26 months (2017: 26 months) of the year end. The Company is committed to buy US \$710.2 million and received a fixed sterling amount.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP: USD.

Current asset investments:

These are US Government Agency bonds that are purchased at a discount rate. The fair value of these investments are determined as per the quoted prices in active markets for identical assets or liabilities.

14 CALLED UP SHARE CAPITAL

	Authorised		Allotted, issued, called up and fully paid	
	2018	2017	2018	2017
	£	£	£	£
1,000 (2017: 1,000) ordinary shares of £1 each	1,000	1,000	1,000	1,000

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

15 RELATED PARTY TRANSACTIONS

There is a loan facility between the company and Medtronic International Technology Incorporated (MITI), another group Company, repayable on demand. The interest rate on this facility is variable and averaged 1.60% in the year. At the year-end £1,712,732 (2017: £74,510,748) was outstanding and included within debtors. The receivable is unsecured and no guarantees have been received.

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

16 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Medtronic Vascular Inc. (formerly Arterial Vascular Engineering Inc.).

The ultimate parent undertaking and controlling party is Medtronic PLC, a company incorporated in Republic Of Ireland. Medtronic PLC is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 27 April 2018. The consolidated financial statements are available at www.medtronic.com.