


Hologic Hub Ltd

Annual report and financial statements

Registered number 09504366

30 September 2018

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Strategic report

The Directors present the Strategic Report for the period ended 30 September 2018. The accounting reference date is 30 September 2018 however the company chooses to draw its accounts to the nearest Saturday in the month, consequently as permitted by the Companies Act, the Directors have drawn up the financial statements to the 29 September 2018 (prior period 30 September 2017).

Principal activities

The principal activities are to source and distribute a range of products within the healthcare industry.

Financial and other key performance indicators

The Company's key financial and other performance indicators during the period were as follows:

	2018	2017	Change
	\$	\$	
Turnover	722,856,459	714,419,980	1%
Operating profit	12,324,063	10,632,194	16%
Profit after tax	12,440,955	10,922,458	14%
Average number of employees	75	66	14%

Business review

The Directors are satisfied with the performance of the business during the period and have made progress towards key objectives including consolidation of operations.

Principal risks and uncertainties

The board of Directors have considered the principal risks and uncertainties in respect of the Company. The principal risks and uncertainties are broadly grouped as competitive, economic and financial instrument risks.

Competitive risks

The Company faces competitive pressures in all of its business lines. Business line management meetings regularly address competitive issues such as pricing and the company's parent company makes a heavy investment in research and development activities to ensure it remains competitive.

Economic risks

The Company has interests across the globe. Changes in the economic conditions of these markets, particularly with respect to exchange rates, can impact the competitiveness of our products and impact demand.

Investment risks

When Hologic Hub Ltd purchases additional subsidiaries, there may be risks around the valuation and return of investments in the subsidiaries.

Strategic report (continued)

Financial Risk management policies

Cashflow risk

Exchange rate risk is minimal as the non USD transactions flowing through the company are minor. The cashflow risk is therefore minimal.

Credit risk

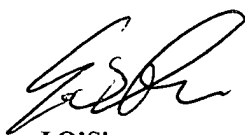
The company's principal financial assets are bank balances, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. General and specific provisions are in line with group policy.

Liquidity risk

The company has sufficient cash balances for its trading activities. As and when significant investment is required the Directors will consider if additional funding is required of the parent company.

By order of the board



J O'Shea

Director

18 December 2018

Heron House
Oaks Business Park
Crewe Road
Manchester
M23 9HZ

Directors' Report

The Directors present their annual report and the audited financial statements for the period 30 September 2018. As permitted by the Companies Act, the Directors have chosen to draw up the financial statements to the 29 September 2018.

Results and dividends

The Income Statement is set out on page 10 and shows the profit for the period. The profit after tax for the period is \$12,440,955 (2017: \$10,922,458 profit).

Dividend

The Directors paid the owners a cash interim dividend of \$16,996,240 (\$79,052 per share) to Hologic IP Ltd (2017 \$nil).

Policy and practice on payment of creditors

It is the policy of the Company to agree terms of payment with suppliers as a condition of any transaction and to ensure that the Company abides by those terms.

At the period end, there were 3 days (2017: 2 days) purchases in trade creditors.

Going concern

The Company has appropriate financial resources to continue its principal activities with a wide range of customers and suppliers across different geographic and business segments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

To add further reassurance to this assumption the Directors' have obtained a letter of support from the ultimate parent, Hologic Inc, to support any additional cash requirements for the next period of growth for the business.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who held office during the period and subsequent to the end of the period were as follows:

M Stefani
J O'Shea
J Verstreken (appointed 1 June 2018)

Company Secretary

J O'Shea was appointed as Company Secretary 12 December 2017

Directors' Report (continued)

Political and charitable contributions

The Company made no political or charitable contributions during the period (2017: nil).

Directors' statement as to disclosure of information to the auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed above. Having made enquiries of the Company's auditor, the Directors confirm that as at the date of this report as far as they are aware there is no relevant audit information of which the Company's auditor is unaware and that they have taken such steps as they might reasonably be expected to take 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 such information.

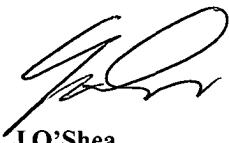
Indemnity provision for Directors

During the year the company had third party indemnity insurance for the Directors and officers. This insurance remains in force as at the date of approving the Directors' report.

Auditor

In accordance with Section S485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J O'Shea
Director
18 December 2018

Heron House
Oaks Business Park
Crewe Road
Manchester
M23 9HZ

Directors' responsibilities statement

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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Hologic Hub Ltd

Opinion

We have audited the financial statements of Hologic Hub Ltd. for the period ended 30 September 2018 which comprise the Income Statement, the Statement of changes in equity, the Statement of Financial position and the related notes 1 to 19 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30th September and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report (continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

- We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

Independent auditor's report (continued)

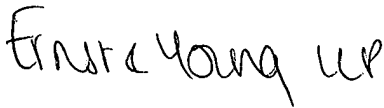
Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, slightly slanted style.

Victoria Venning (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
18th December 2018

Income Statement

for the financial period ended 30 September 2018

	<i>Note</i>	2018 \$	2017 \$
		Total	Total
Turnover	2	722,856,459	714,419,980
Cost of sales		(686,736,065)	(684,240,113)
Gross profit		<u>36,120,394</u>	<u>30,179,867</u>
Sales and distribution costs		(9,012,863)	(6,354,476)
Administrative expenses		(14,590,554)	(13,193,197)
Research and development		(192,914)	-
		<u>(23,796,331)</u>	<u>(19,547,673)</u>
Operating profit	3	<u>12,324,063</u>	<u>10,632,194</u>
Interest income		602,087	297,850
Interest payable		(4,350)	-
Profit on ordinary activities before taxation		<u>12,921,800</u>	<u>10,930,044</u>
Tax on profit on ordinary activities	7	(480,845)	(7,586)
Profit for financial period		<u><u>12,440,955</u></u>	<u><u>10,922,458</u></u>

There have been no gains or losses other than profit for the current year and prior year shown above as such a separate statement of comprehensive income has not been presented.

Statement of changes in equity
for the period ended 30 September 2018

	<i>Note</i>	Called up share capital	Share premium	Profit and Loss account	Total equity
		\$	\$	\$	\$
At 25 September 2016		329	139,740,818	51,641,711	191,382,858
Profit for the year		-	-	10,922,458	10,922,458
At 30 September 2017		<u>329</u>	<u>139,740,818</u>	<u>62,564,169</u>	<u>202,305,316</u>
Profit for the period		-	-	12,440,955	12,440,955
Interim Cash Dividend paid	8	-	-	(16,996,240)	(16,996,240)
At 30 September 2018		<u><u>329</u></u>	<u><u>139,740,818</u></u>	<u><u>58,008,884</u></u>	<u><u>197,750,031</u></u>

Statement of Financial Position
As at 30 September 2018

	<i>Note</i>	2018 \$	2017 \$
Fixed assets			
Tangible assets	<i>9</i>	2,428,133	937,258
Investments	<i>10</i>	<u>140,440,926</u>	<u>140,440,926</u>
		142,869,059	141,378,184
Current assets			
Stocks	<i>11</i>	33,120,629	25,718,983
Debtors - due within one year	<i>12</i>	125,531,521	129,858,172
Cash at bank and in hand		-	5,307,089
		<u>158,652,150</u>	<u>160,884,244</u>
Creditors: amounts falling due within one year	<i>13</i>	<u>(103,777,782)</u>	<u>(100,082,841)</u>
Net current assets		54,874,368	60,801,403
Total assets less current liabilities		<u>197,743,427</u>	<u>202,179,587</u>
Debtors >1 year	<i>7</i>	6,604	125,729
Net assets		<u>197,750,031</u>	<u>202,305,316</u>
Capital and reserves			
Called up share capital	<i>15</i>	329	329
Share premium account		139,740,818	139,740,818
Profit and loss account		58,008,884	62,564,169
Shareholders' funds		<u>197,750,031</u>	<u>202,305,316</u>

These financial statements were approved by the board of Directors on 18 December 2018 and were signed on its behalf by:



J O'Shea
Director
18 December 2018

Registered number: 09504366

Notes (forming part of the financial statements)

1 Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below.

The following accounting policies have been applied consistently to all the periods presented in dealing with items which are considered material in relation to the Company's financial statements.

Statement of compliance

Hologic Hub Ltd is a private limited company incorporated in England. The registered office is Heron House, Oaks Business Park, Crewe Road, Wythenshawe, Manchester, M23 9HZ.

The company's financial statements have been prepared in compliance with FRS102 as it applies to the financial statements for the period ended 30 September 2018.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Company's significant accounting policies are set out below, together with the judgements made by management in applying these policies, which have the most significant effect on the amounts recognised in the financial statements.

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the following points:

- A reconciliation of the number of shares outstanding at the beginning and end of the period (FRS 102 p4.12(a)(iv));
- The requirement to prepare a statement of cash flows (section 7 of FRS 102 and p3.17 (d));
- Certain financial instrument disclosures, providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. In addition the company law disclosures are still required;
- The non-disclosure of key management personnel compensation in total.
- The disclosure of transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to transactions are wholly owned by the ultimate controlling parent [paragraph 33.1a].

The equivalent disclosures are included in the consolidated financial statements of its Parent Company, Hologic Incorporated.

These financial statements are presented in US dollars and all values are rounded to the nearest dollar (\$) except when otherwise indicated.

The Company is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

The accounting reference date is 30 September 2018 however the company chooses to draw its accounts to the nearest Saturday in the month, consequently as permitted by the Companies Act, the Directors have drawn up the financial statements to the 29 September 2018 (prior period 30 September 2017).

Notes (continued)

1 Accounting policies (continued)

Going concern

The Company has appropriate financial resources to continue its principal activities with a wide range of customers and suppliers across different geographic and business segments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

To add further reassurance to this assumption the Directors have obtained a letter of support from the ultimate parent, Hologic Inc, to support any additional cash requirements for the next period of growth for the business.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the financial statements.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment in value. Such cost includes expenditure that is directly attributable to the acquisition of the asset or in making the asset capable of operating as intended.

Depreciation is provided on a straight line basis to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives.

It is calculated using the following rates:

Plant and equipment	20% per annum
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Depreciation is not provided for on assets under construction.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with their carrying amount and are included in the profit and loss account.

Investments

Investments in subsidiaries are held as fixed assets and are included in the balance sheet at cost less any provision for impairment. An impairment review is performed if events or changes in circumstances indicate that the carrying amount of the fixed asset is not recoverable. A further impairment review will be performed on an impaired investment if there is evidence due to change in economic conditions that the impairment can be reversed.

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost, which includes appropriate labour and overhead absorption, is calculated on the basis of purchase cost on a first in, first out basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised to the Income Statement in the period in which it is identified.

Cash

Cash and cash equivalents principally comprise cash and short term deposits held with banks and other financial institutions with an original maturity of three months or less.

Share capital

Ordinary shares are classified as equity.

Incremental transaction costs directly attributable to the issue of equity are accounted for as a deduction from equity, net of any related income tax benefit.

Foreign currencies

The financial statements are presented in US Dollars.

Transactions in foreign currencies are initially recorded by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Income Statement.

Pension schemes

The Company operates a defined contribution pension scheme for the benefit of all employees who choose to opt-in. The pension cost charge to the Income Statement represents pension contributions payable by the Company in the period.

Notes (continued)

1 Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, the amount of interest income can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably

Rendering of services

Revenue from the services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest income

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

Divided income

Dividend income is recognised when the right to receive payment is established.

Leases

Rentals payable under operating leases are charged in the Income Statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Share schemes

The cost of equity-settled transactions with employees is measured by reference to the estimated fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using the Binomial Lattice model.

No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the Income Statement, with a corresponding entry in intercompany payables.

Notes (continued)

1 Accounting policies (continued)

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date which will result in an obligation to pay more, or a right to pay less or to receive more, taxation with the following exceptions:

- Provision is made for taxation for gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to taxation only where the replacement assets are sold;
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- Deferred taxation assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Notes (continued)

2 Analysis of turnover

The Company's sales originated in the United Kingdom and relate entirely to its principal activity. Turnover by geographical destination is as follows:

	2018 \$	2017 \$
Breast Health	223,314,993	178,829,992
Diagnostics	133,733,116	126,455,826
Skeletal	66,290,781	58,038,286
Surgical	299,517,569	351,095,876
	<u>722,856,459</u>	<u>714,419,980</u>

Net operating assets and profit before taxation both originate in the United Kingdom.

3 Analysis of operating profit

	2018 \$	2017 \$
This is stated after crediting:		
Depreciation of tangible fixed assets	86,025	41,089
Foreign exchange differences	228,471	(883,447)
Operating lease rentals – land and buildings	159,100	180,625
Auditor's remuneration (see note 4)	35,140	47,396
	<u>35,140</u>	<u>47,396</u>

4 Auditor's remuneration

The remuneration of the auditors or its associates is further analysed as follows:

	2018 \$	2017 \$
Audit of the financial statements	35,140	47,396
Total audit	<u>35,140</u>	<u>47,396</u>
Taxation services	42,807	26,389
Total non-audit services	<u>42,807</u>	<u>26,389</u>
	<u>77,947</u>	<u>73,785</u>

Notes (continued)

5 Staff costs

	2018 \$	2017 \$
Wages and salaries	8,008,000	7,319,367
Social security costs	1,157,172	992,885
Other pension costs	390,670	286,827
Share based payments charge	862,503	1,919,097
	<u>10,418,345</u>	<u>10,518,176</u>

The average monthly number of employees, including Directors, during the period was as follows:

	2018 Number	2017 Number
Operational and administrative employees	<u>75</u>	<u>66</u>

The Company operates a money purchase (defined contribution) Group personal pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The pension costs for the period represents contributions payable by the Company to these funds and amounted to \$390,670 (2017: \$286,827). Unpaid contributions outstanding at the balance sheet date were \$55,457 (2017: \$53,021).

6 Remuneration of Directors

The emoluments of the Directors for 2018 were paid by other companies within the Hologic Inc Group. Their services to these companies are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the Parent Company.

7 Taxation

	2018 \$	2018 \$	2017 \$	2017 \$
Analysis of charge in the period				
UK corporation tax	361,720		-	
Adjustment in respect of prior periods	<u>-</u>		<u>23,705</u>	
Total current tax		361,720		23,705
Current period deferred tax	5,636		(61,509)	
Adjustment in respect of prior periods	<u>113,489</u>		<u>45,390</u>	
Total deferred tax		119,125		(16,119)
Tax on profit on ordinary activities		<u>480,845</u>		<u>7,586</u>

Notes (continued)

7 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2017: lower) than the standard rate of corporation tax in the UK, 19% (2017: 19.5%). The differences are explained below:-

	2018	2017
	\$	\$
<i>Current tax reconciliation</i>		
Profit on ordinary activities	<u>12,921,800</u>	<u>10,930,044</u>
Current tax charge at 19% (2017: 19.5%)	2,455,142	2,131,359
<i>Effects of:</i>		
Expenses not deductible for tax purposes	126,350	346,690
Stock compensation	32,426	177,415
Group Relief not paid for	(2,246,303)	(2,716,088)
Impact of change in rate on deferred tax	(259)	28
Impact of tax payable in foreign currencies	-	(913)
Adjustment to prior year	113,489	69,095
Tax charge on profit on ordinary activities	<u><u>480,845</u></u>	<u><u>7,586</u></u>

Deferred taxation

	\$
At 30 September 2017	125,729
Charge to the profit and loss	<u>(119,125)</u>
At 30 September 2018	<u><u>6,604</u></u>

The provision for deferred taxation is made up as follows:

	2018	2017
	\$	\$
Stock compensation	<u>6,604</u>	<u>125,729</u>
	<u><u>6,604</u></u>	<u><u>125,729</u></u>

A number of changes which have an effect on the company's future tax position were substantively enacted in the accounting period. The reduction in the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 was substantively enacted on 26th October 2015. The further reduction in the corporation tax rate to 17% from 1 April 2020 was substantively enacted on 15 September 2016. All of these changes are reflected in the financial statements

Notes (continued)

8 Dividend

The Company made an interim cash dividend payment to its parent company Hologic IP Ltd of \$16,996,240 (2017 \$nil).

9 Tangible fixed assets

	Assets under construction	Plant and equipment	Total
	\$	\$	\$
Cost:			
At 30 September 2017	-	978,347	978,347
Additions	1,998,000	143,900	2,141,900
Intragroup transfers		(565,000)	(565,000)
At 30 September 2018	<u>1,998,000</u>	<u>557,247</u>	<u>2,555,247</u>
Depreciation			
At 30 September 2017	-	41,089	41,089
Charge for the period	-	86,025	86,025
Disposal	-	-	-
At 30 September 2018	<u>-</u>	<u>127,114</u>	<u>127,114</u>
Net Book Value			
At 30 September 2018	<u>1,998,000</u>	<u>430,133</u>	<u>2,428,133</u>
At 30 September 2017	<u>-</u>	<u>937,258</u>	<u>937,258</u>

10 Fixed asset investments

	Fixed asset investments
	\$
Cost:	
At 30 September 2017	140,440,926
Additions	-
At 30 September 2018	<u>140,440,926</u>
Provision:	
At 30 September 2017	-
Disposal	-
At 30 September 2018	<u>-</u>
Net Book Value	
At 30 September 2018	<u>140,440,926</u>
At 30 September 2017	<u>140,440,926</u>

Notes (continued)

10 Fixed asset investments (continued)

The following were unlisted subsidiary undertakings during the period:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Gen-Probe Denmark Aps	England	100%	Healthcare industry
Hologic Sweden AB	Sweden	100%	Healthcare industry
Hologic Latin America Ltda	Brazil	100%	Healthcare industry
Hologic Surgical Products Costa Rica s.r.l	Costa Rica	100%	Healthcare industry
Hologic Japan Inc	Japan	100%	Healthcare industry
Hologic Canada Ltd	Canada	100%	Healthcare industry
Hologic (Australia Pty)	Australia	100%	Healthcare industry
Hologic Asia Pacific Ltd	China	100%	Healthcare industry
Hologic Europe Middle East and Africa sa	Switzerland	100%	Healthcare industry
Hologic France sarl	France	100%	Healthcare industry
Hologic Deutschland Gmbh	Germany	100%	Healthcare industry
Hologic Iberia sl	Spain	100%	Healthcare industry
Hologic Italia srl	Italy	100%	Healthcare industry
Hologic Netherlands BV	Netherlands	100%	Healthcare industry
Hologic Cayman	Cayman Islands	100%	Healthcare industry
Navigation Three Ltd	China	100%	Healthcare industry
TCT International Ltd	China	84.96%	Healthcare industry
Hologic International Holdings BV	Netherlands	100%	Healthcare industry

For all undertakings listed above, the country of operation is the same as its country of incorporation or registration.

11 Stocks

	2018	2017
	\$	\$
Raw materials	2,349,625	2,546,202
Work in progress	307,846	928,620
Finished goods	30,463,158	22,244,161
	<u>33,120,629</u>	<u>25,718,983</u>

There is no significant difference between the replacement value of stock and the value in the financial statements.

Notes (continued)

12 Debtors

	2018	2017
	\$	\$
Due within one year:		
Prepayments and accrued income	2,298,709	385,800
Other debtors	27,459	421,509
Amounts due from group undertakings	<u>123,205,353</u>	<u>129,050,863</u>
	<u>125,531,521</u>	<u>129,858,172</u>

13 Creditors: amounts falling due within one year

	2018	2017
	\$	\$
Trade creditors	8,082,697	4,095,937
Other taxation and social security	262,856	229,593
Corporation tax	817,697	642,335
Other creditors	1,051,827	-
Amounts due to group undertakings	89,846,586	92,118,464
Accruals and deferred income	<u>3,716,119</u>	<u>2,996,512</u>
	<u>103,777,782</u>	<u>100,082,841</u>

14 Obligations under leases and hire purchase contracts

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

	2018	2017
	\$	\$
Within one year	<u>11,238</u>	<u>112,812</u>
	<u>11,238</u>	<u>112,812</u>

Notes *(continued)*

15 Allotted and issued share capital

	2018	2017
	\$	\$
Allotted, called up and fully paid		
215 (30 September 2017: 215) ordinary shares of £1	329	329

16 Share based payments

Stock options

Senior executives, Assistant Vice Presidents and above, are granted an option to purchase shares of the ultimate Parent Company, Hologic Inc. at a pre-determined price. These stock units will vest if the employee remains in service at a rate of 25% on each anniversary from the grant date, vesting in full after 4 years.

Restricted stock units

Employees are granted restricted stock units to subscribe for ordinary shares in the ultimate Parent Company, Hologic Inc. These stock units will vest if the employee remains in service at a rate of 33% on each anniversary from the grant date, vesting in full after 3 years.

The grant of both of these compensation plans by the Parent Company is shown within amounts due to group undertakings.

17 Capital commitments

At the year end the Company had a capital commitment to Innovative Products and Equipment Inc (IPE) for \$1,332,000. This is the remaining cost for the production of a Thin Prep Bonder machine which will be completed in the following financial year.

18 Related party transactions

The Company has taken advantage of the exemption within FRS102 Related Party Transactions not to disclose transactions within the Group as consolidated financial statements for the ended 30 September 2018 were prepared by the ultimate Parent Company, Hologic, Inc. which can be obtained from the ultimate Parent Company's registered office at 250 Campus Drive, Malborough, MS 01752, USA

19 Parent Company and controlling party

The company's immediate parent undertaking is Hologic IP Limited, a company registered in the UK.

The Directors consider the Company's ultimate parent company to be Hologic, Inc. a company incorporated in the United States of America. The largest and smallest group in which the results of the Company were consolidated for the period ended 30 September 2018 was that headed by Hologic, Inc. Copies of the consolidated accounts can be obtained from its registered office at 250 Campus Drive, Malborough, MS 01752, USA