NOTES TO THE ACCOUNTS

General information

Consort Medical plc is a public limited company listed on the London Stock Exchange and is incorporated and domiciled under the laws of England and Wales, registered number 406711. The address of the registered office is given on page 134. The nature of the Group's operations and its principal activities are set out in the operating review on pages 14 to 19.

1. Presentation of the financial statements and accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 applicable to those companies reporting under IFRS, Article 4 of the IAS Regulation and International Accounting Standards and International Financial Reporting Standards (collectively referred to as "IFRS") and related interpretations, as adopted for use in the European Union in all cases.

Accounting convention

The financial statements have been prepared using the historical cost convention, as modified by certain financial assets and financial liabilities (including derivative instruments) at fair value. The specific accounting policies adopted, which have been approved by the Board and which have been applied consistently in all years presented, are described within this note.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have 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 financial statements.

Consolidation

The financial statements include the financial statements of the Company and all the subsidiaries during the years reported for the periods during which they were members of the Consort Medical plc group ("the Group").

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification of a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is presented as if the operation had discontinued from the start of the prior year.

Segmental reporting

The Group's chief operating decision maker is considered to be the Executive Committee. This committee is responsible for the executive management of the Group and comprises the Chief Executive Officer, the Chief Financial Officer, the Company Secretary/Group General Counsel, the General Managers of the Group's Bespak and Aesica businesses and the Director of Human Resources. The Executive Committee meets regularly to make decisions on operational and strategic matters, other than those reserved for the Board, including allocation of resources and assessment of the performance of the Group. The Group's operating segments are determined with reference to the information that is supplied to the Executive Committee in order for it to allocate the Group's resources and to monitor the performance of the Group. Following the acquisition of Aesica Holdco Limited ("Aesica") on 12 November 2014, the Executive Committee focuses on the operations of the Group by the Bespak and Aesica divisions as individual operating segments and, as a result, the Group has two reportable segments at the end of the current financial year.

Subsidiaries

The consolidated financial statements combine the financial statements of the parent Company and all its subsidiaries made up to 30 April 2016. Subsidiaries are entities which are directly or indirectly controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of completion. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Costs of acquisition are charged to the income statement in the period in which they are incurred.

NOTES TO THE ACCOUNTS
CONTINUED

1. Presentation of the financial statements and accounting policies continued

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change in other comprehensive income. Inter-company transactions, balances and unrealised gains or losses on transactions between Group undertakings are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Uniform accounting policies have been adopted across the Group.

In the parent Company financial statements, investments in subsidiaries are accounted for at cost less any provision for impairment.

Investments

Equity investments in entities that are neither associates nor subsidiaries are held at cost, less any provision for impairment.

Foreign currencies

Items included in the financial statements of each of Consort Medical plc's entities are measured using that entity's functional currency, which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in sterling, which is the parent Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

The results and financial position of all Group undertakings that have a functional currency different from the presentation currency are translated into the presentation currency with (i) assets and liabilities for each balance sheet translated at the closing rate at the date of that balance sheet; (ii) income and expenses for each income statement translated at average exchange rates for the period; and (iii) all resulting exchange differences recognised as a component of other comprehensive income. In the case of subsidiaries acquired during the prior year, the average exchange rate takes into account the period of ownership only.

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in the translation reserve within other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The principal exchange rates applied in the preparation of the financial statements were as follows:

	2016	2015
GBP : EUR at the end of year	**1.28**	1.39
GBP : USD at the end of year	**1.46**	1.54
GBP : EUR average for the year	**1.36**	1.29
GBP : USD average for the year	**1.50**	1.60
GBP : EUR average from 12 November 2014	**n/a**	1.32
GBP : EUR at 12 November 2014	**n/a**	1.27

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services. Revenue from sales of products is recognised when the risks and rewards of ownership pass to the customer, and is stated net of value added tax and other sales taxes. The point at which risk and reward is transferred is usually determined from shipping terms, which vary from customer to customer. Revenue from sales of services is recognised in the period in which the related chargeable costs are incurred or when revenue is earned under contractual obligations. Revenue from sales of tooling is recognised on a net basis, having regard to the transfer of risks and rewards. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Group.

Advance payments received from customers are credited to deferred income and the related revenue is released to the income statement in accordance with the recognition criteria described above.

Where a manufacturing contract includes variable consideration (such as a minimum order guarantee), the transaction price includes management's best estimate of the variable consideration receivable at the balance sheet date.

On occasions, the Group receives cash in advance of delivering goods and services to customers to compensate for costs incurred in design and development activities including the acquisition of development assets. Where such amounts are received and the risk and rewards of ownership over the development assets remain with the customer, the amounts received are deferred on the balance sheet (in "customer advances and deferred income") and taken to revenue as the Group delivers products or services to the customer in accordance with its contractual obligations.

1. Presentation of the financial statements and accounting policies continued

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Grants received are revenue related and are credited to the income statement, within operating profit, so as to match them with the expenditure to which they relate to the extent that it is probable that all conditions have been complied with.

Post-employment benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid. The Group pays contributions to publicly and privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period) and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save)

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

NOTES TO THE ACCOUNTS
CONTINUED

1. Presentation of the financial statements and accounting policies continued

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Property, plant and equipment

Property, plant and equipment is stated at cost including any incidental costs of acquisition less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Assets acquired through business combinations are initially recognised at their fair value. Depreciation is recognised so as to write off the cost of property, plant and equipment (less the current expected residual value) on a straight-line basis over their expected useful lives as follows:

- ·Freehold buildings and leasehold buildings with original lease terms over 50 years — 50 years
- Leasehold buildings with original lease terms less than 50 years — Remaining period of lease
- Cleanrooms — 20 years
- Building services — 10–20 years
- Mould and assembly machines — Utilisation basis
- Plant, equipment and vehicles — 3–10 years

Cleanrooms and building services are categorised within plant and equipment. Land is not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement. From 1 November 2014, the method of depreciation for mould and assembly machines was changed from a time basis of 3 to 10 years to a utilisation basis reflecting the amount a machine is used during an accounting period. This method is considered to better reflect the economic consumption of the value attributable to these machines.

Assets which have been transferred from or funded by a customer are not capitalised if the Group does not obtain control of these assets. If the Group has obtained control of an asset that has been contributed or funded by a customer, then the asset is recognised and the contribution released to income over an appropriate term in accordance with the Group's policy on revenue recognition.

Assets under construction

The costs of property, plant and equipment are capitalised as incurred and are not depreciated until such time as the assets are commissioned, when the total costs are transferred to the appropriate asset category.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of:

- the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over
- the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed

Goodwill is not amortised but is reviewed for impairment at least annually and more frequently if events or circumstances give indicators of an impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Internally generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's product development is recognised only if all of the following conditions are met:

- An asset is created that can be identified
- It is probable that the asset created will generate future economic benefits
- It is technically feasible that the intangible asset can be completed so that it will be available for use or sale and there are sufficient available resources to complete it and
- The development cost of the asset can be measured reliably

Where a product requires regulatory approval prior to launch, it is presumed that there is insufficient certainty over the product's technical feasibility to recognise an intangible asset prior to that approval being obtained.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. The estimated useful economic life of capitalised development costs is 5 to 10 years. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

1. Presentation of the financial statements and accounting policies continued

Other intangible assets

Other intangible assets, including purchased patents, know-how, trademarks, software licences, customer contracts and relationships and distribution rights are capitalised at cost and amortised on a straight-line basis or sum of digits basis over their estimated useful economic lives through operating expenses. The estimated useful lives of other intangible assets are as follows:

- Computer software: 4 years
- Patented and unpatented technology and know-how: 10 years
- Trademarks and trade names: 10 years
- Customer contracts and relationships:
  - 11 to 13 years on a sum of digits method (Aesica related)
  - 5 to 10 years on a straight line basis (other)
- Licences and distribution agreements: 2 to 11 years

The amortisation method applied to the Aesica intangible assets on acquisition is deemed to better reflect the pattern in which the future economic benefits are expected to be consumed.

Impairment of property, plant and equipment and intangible assets excluding goodwill

The carrying values of property, plant and equipment and intangible assets excluding goodwill are reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Where it is not possible to identify separate cash flows relating to individual assets, Consort Medical plc estimates the recoverable amount of the cash-generating unit to which it belongs. Where tangible and intangible assets excluding goodwill have suffered an impairment, they are reviewed for possible reversal of the impairment at each reporting date.

Leasing commitments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Leasing agreements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as finance leases. Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Inventories

Inventories and work in progress are stated at the lower of standard cost and net realisable value. Cost comprises the direct cost of production and the attributable portion of overheads based on normal operating capacity appropriate to location and condition. Cost is determined on a first in, first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made if necessary for any slow-moving, obsolete or defective inventory.

Cash and cash equivalents

In the consolidated and Company statements of cash flows, cash and cash equivalents include 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. In the consolidated and Company balance sheets, bank overdrafts are shown within borrowings in current liabilities.

Finance income and costs

Interest receivable and payable on bank deposits and borrowings is credited or charged to finance income and expenses as it falls due.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as other finance expenses.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently held at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

NOTES TO THE ACCOUNTS
CONTINUED

1. Presentation of the financial statements and accounting policies continued

Trade payables

Trade payables are recognised initially at fair value and subsequently held at amortised cost.

Borrowings and borrowing costs

Interest-bearing bank loans and overdrafts are recorded at fair value, net of direct issue costs and subsequently stated at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Taxation

The charge for current taxation is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using rates that have been enacted, or substantially enacted, by the balance sheet date. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant taxation authorities.

Tax that relates to items recognised in other comprehensive income or in equity is recognised in other comprehensive income or equity respectively.

Deferred taxation is accounted for in full using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of investments in subsidiaries where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the asset or liability is settled. It is recognised in the consolidated income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Research and Development Expenditure Credit ("RDEC") has been available to UK companies on qualifying expenditure incurred since 1 April 2013 and is of the nature of a government grant. Where UK companies expect to elect for RDEC the amount receivable is recorded as income and is included in profit before tax, netted against research and development expenses.

Share capital, share premium and share issue costs

Share issue costs are incremental costs directly attributable to the issue of new shares or options and are shown as a deduction, net of tax, from the proceeds. Any excess of the net proceeds over the nominal value of any shares issued is credited to the share premium account.

Where any Group company purchases the Company's equity share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. Any gain or loss on remeasurement is recognised in the Income Statement.

1. Presentation of the financial statements and accounting policies continued

Net investment hedges

Where the Group has entered into borrowings which form part of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, these are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in OCI while any gains or losses relating to the ineffective portion are recognised in the Income Statement through profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

The Group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to note 26 for more details.

Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

A. Impairment of goodwill

The Group tests, at least annually, whether goodwill has suffered any impairment in accordance with the accounting policy above. Goodwill recognised as part of the Aesica and The Medical House acquisitions have been subject to an impairment test in the current year. The recoverable amounts are determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

B. Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. In the current year this included an evaluation of the provisions of the UK Government's Patent Box regime and its potential applicability to the Bespak business (see note 10).

C. Equity investments

The Group makes investments in certain early stage, start-up entities and has taken an equity stake in those entities (see note 16). In assessing these investments, the directors are required to assess whether they are able to exert significant influence as well as the carrying value of these investments with reference to their stage of development and progress against key milestones.

Estimates

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Post-employment benefits

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods (see note 21).

B. Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

C. Provisions and related assets

In determining the amount to recognise for any provision or related asset, management consults with suitably qualified and experienced Group personnel, considers the Group's experience of similar matters and communications with potential counterparties and the Group's legal advisers.

NOTES TO THE ACCOUNTS
CONTINUED

1. Presentation of the financial statements and accounting policies continued

D Accounting for acquisition-related intangibles

The accounting for the identification and valuation of intangibles acquired from Aesica in the prior year was undertaken by management based on expert advice received from corporate finance specialists. Estimation was applied in identifying and valuing the £82.3m of acquired intangible assets, being the Aesica customer relationships in accordance with the principles of IFRS 3'Business Combinations' and expectations of future economic benefits. There was also estimation applied in determining the most appropriate amortisation method for these intangible assets.

Special items and other non-GAAP performance measures

The directors believe that the 'adjusted' profit and earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how business performance is measured internally. The adjusted profit before tax measure is not a recognised profit measure under IFRS and may not be directly comparable with 'adjusted' profit measures used by other companies.

Further detail on the special items in the year can be found in note 6. The directors also refer to EBITDA (earnings before interest, tax, depreciation and amortisation) as a performance indicator. EBITDA also adds back any profit or loss on disposal of property, plant and equipment.

Adoption of new and revised standards

The following new standards and amendments have been applied for the first time during the year commencing 1 May 2015 but are not expected to have a material impact on the Group:

Amendments to IAS 19: Employee Benefits

Annual Improvements (2010-2012 cycle): Amendments to IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24, IAS 38
Annual Improvements (2011-2013 cycle): Amendments to IFRS 3, IFRS 13, IAS 40
Annual Improvements (2012-2014 cycle): Amendments to IFRS 5, IFRS 7, IAS 9, IAS 34

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the EU):

IFRS 9: Financial Instruments (2014)
IFRS 14: Regulatory Deferral Accounts
IFRS 15: Revenue from Contracts with Customers
IFRS 16: Leases
Amendment to IFRS 11: Joint Arrangements
Amendments to IAS 12: Income Taxes
Amendments to IAS 7: Statement of Cash Flows (disclosure initiative)
Amendments to IAS 27: Separate Financial Statements
Amendments to IFRS 7 and IAS 32: Financial Instruments on Asset and Liability Offsetting
Amendments to IAS 16 and IAS 38:Property, Plant and Equipment, and Intangible Assets

The following accounting standards relevant to the Group have not been early adopted as the Group carries out an assessment of their potential impact:

- IFRS 9: Financial Instruments (2014)
- IFRS 15: Revenue from Contracts with Customers

Parent Company financial statements

The financial statements of the parent Company, Consort Medical plc, have been prepared in accordance with IFRS as adopted for use in the European Union in all cases. On publishing the parent Company financial statements together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement or statement of comprehensive income and related notes that form a part of these approved financial statements.