

Company Registration No. 00878160 (England and Wales)

SOURCE BIOSCIENCE (STORAGE) LIMITED

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018**

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SOURCE BIOSCIENCE (STORAGE) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	3		3,182		3,516
Investments	4		-		-
			<u>3,182</u>		<u>3,516</u>
Current assets					
Stocks	6	218		216	
Debtors	7	6,412		5,199	
Cash at bank and in hand		207		74	
		<u>6,837</u>		<u>5,489</u>	
Creditors: amounts falling due within one year	8	<u>(6,413)</u>		<u>(5,832)</u>	
Net current assets/(liabilities)			<u>424</u>		<u>(343)</u>
Total assets less current liabilities			<u>3,606</u>		<u>3,173</u>
Creditors: amounts falling due after more than one year	9		(400)		(435)
Provisions for liabilities	10		<u>(304)</u>		<u>(381)</u>
Net assets			<u>2,902</u>		<u>2,357</u>
Capital and reserves					
Called up share capital	11		3		3
Profit and loss reserves			<u>2,899</u>		<u>2,354</u>
Total equity			<u>2,902</u>		<u>2,357</u>

SOURCE BIOSCIENCE (STORAGE) LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2018

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 December 2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 12th December 2019 and are signed on its behalf by:

.....
T F Nolan
Director

SOURCE BIOSCIENCE (STORAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Source Bioscience (Storage) Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 1 Orchard Place, Nottingham Business Park, Nottingham, NG8 6PX.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of other discounts and VAT. It comprises stability storage services, manufacture and installation of controlled environment storage equipment and related servicing and validation.

Services

Amounts received or receivable for services, typically environmental control and storage services are recognised when the services are provided and obligations fulfilled.

Service agreements

Revenue relating to service contracts invoiced at the inception of the agreements is deferred such that the income is recognised over the contract life. The revenue is recognised in the line with the provision of the services or, where the quantum and timing of the services cannot be reliably predicted, rateable over the period of the agreement.

Contracts incorporating multiple elements

Where the company contracts for the supply and installation of products, revenue is recognised based on the specific terms of each contract. In some instances, this requires the allocation of the contract value between the supply of the product and the installation and commissioning. Where contracts require separation, the revenue is allocated based on the fair values attributable to the separate elements.

SOURCE BIOSCIENCE (STORAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold property	50 years
Plant, machinery and office equipment	3 - 10 years
Motor vehicles	4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

SOURCE BIOSCIENCE (STORAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts 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.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings 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 payments discounted at a market rate of interest.

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

SOURCE BIOSCIENCE (STORAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Taxation (continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

SOURCE BIOSCIENCE (STORAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 39 (2017 - 29).

The directors did not receive any remuneration from the company during the current or prior year.

3 Tangible fixed assets

	Freehold property	Plant, machinery and office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2018	2,783	4,561	57	7,401
Additions	-	10	-	10
Disposals	-	(45)	(35)	(80)
	<u>2,783</u>	<u>4,526</u>	<u>22</u>	<u>7,331</u>
At 31 December 2018	2,783	4,526	22	7,331
Depreciation and impairment				
At 1 January 2018	437	3,405	43	3,885
Depreciation charged in the year	47	291	5	343
Eliminated in respect of disposals	-	(44)	(35)	(79)
	<u>484</u>	<u>3,652</u>	<u>13</u>	<u>4,149</u>
At 31 December 2018	484	3,652	13	4,149
Carrying amount				
At 31 December 2018	<u>2,299</u>	<u>874</u>	<u>9</u>	<u>3,182</u>
At 31 December 2017	<u>2,346</u>	<u>1,156</u>	<u>14</u>	<u>3,516</u>

SOURCE BIOSCIENCE (STORAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

4 Fixed asset investments

	2018 £'000	2017 £'000
Investments	-	-
Movements in fixed asset investments		
		Shares in group undertakings £'000
Cost or valuation		
At 1 January 2018 & 31 December 2018		110
Impairment		
At 1 January 2018 & 31 December 2018		110
Carrying amount		
At 31 December 2018		-
At 31 December 2017		-

5 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Source BioScience Inc.	300 Town Park Drive, Suite 130, Kennesaw, GA 30144, USA	Provision of controlled environment storage, services and products	Common	100.00

6 Stocks

	2018 £'000	2017 £'000
Stocks	218	216

There is no material difference between the replacement cost and the amounts stated above.

SOURCE BIOSCIENCE (STORAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

7 Debtors

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	1,043	949
Corporation tax recoverable	20	31
Amounts owed by group undertakings	4,895	3,729
Other debtors	454	490
	<u>6,412</u>	<u>5,199</u>

8 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	209	311
Amounts due to group undertakings	5,709	4,989
Corporation tax	-	1
Other taxation and social security	120	77
Other creditors	375	454
	<u>6,413</u>	<u>5,832</u>

Amounts owed to group undertakings are unsecured. They have no fixed repayment date, however, the company has received written communication from its ultimate parent undertaking, that the counterparties will not require repayment unless such repayment can be made without prejudicing the company's ability to settle amounts payable to other external creditors as they fall due.

9 Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
Other creditors	<u>400</u>	<u>435</u>

10 Provisions for liabilities

	2018 £'000	2017 £'000
Onerous contract	240	280
Deferred tax liabilities	64	101
	<u>304</u>	<u>381</u>

SOURCE BIOSCIENCE (STORAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

	Onerous contract £'000
At 1 January 2018	280
Utilisation of provision	(40)
	<hr/>
At 31 December 2018	240
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The provision relates to future expected losses on a long-term cryogenic storage contract where the associated direct costs over the contract period are expected to be in excess of the revenue. The provision is expected to be utilised over the next 20 years.

11 Called up share capital

	2018 £'000	2017 £'000
Ordinary share capital		
Issued and fully paid		
3,000 Ordinary shares of £1 each	3	3
	<hr/>	<hr/>
	3	3
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

12 Contingent liabilities

At 31 December 2018, under the terms of the Source BioScience Limited group banking facility with Barclays Bank, the company was a party to a bank guarantee with other group companies. At 31 December 2018 the maximum contingent liability under group banking arrangements was £5.9m (2017: £5.7m). The group has a right of set off on all overdraft and bank borrowings as part of this agreement.

13 Parent company

The immediate parent company is Source BioScience (Healthcare) Limited, a company incorporated in England and Wales. The ultimate parent company is Sherwood Holdings Limited, a company incorporated in England and Wales. Sherwood Holdings Limited is the largest group for which consolidated financial statements are prepared. Source BioScience Limited, a company incorporated in England and Wales, is the smallest group for which consolidated financial statements are prepared. The registered office of Sherwood Holdings Limited and Source BioScience Limited is 1 Orchard Place, Nottingham Business Park, Nottingham, NG8 6PX. The directors consider there to be no ultimate controlling party.

ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF SOURCE BIOSCIENCE (STORAGE) LIMITED ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

In order to assist you to fulfil your duties under the Companies Act 2006 ("the Act"), we prepared for your approval the financial statements of Source Bioscience (Storage) Limited which comprise the statement of financial position and the related notes in accordance with the financial reporting framework set out therein from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Source Bioscience (Storage) Limited, as a body, in accordance with the terms of our engagement letter dated 19 March 2019. Our work has been undertaken solely to prepare for your approval the financial statements of Source Bioscience (Storage) Limited and state those matters that we have agreed to state to them in accordance with ICAEW Technical Release 07/16 AAF. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

It is your duty to ensure that Source Bioscience (Storage) Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Source Bioscience (Storage) Limited under the Act. You consider that Source Bioscience (Storage) Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Source Bioscience (Storage) Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

RSM UK Tax and Accounting Limited -

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12 DECEMBER 2019
