

**Source BioScience (Storage)
Limited**

Directors' Report and Unaudited

Financial Statements

Year Ended

31 December 2017

Company Number 00878160



Source BioScience (Storage) Limited

Company Information

Directors	J C LeCoque R S Wheatcroft T F Nolan
Registered number	00878160
Registered office	1 Orchard Place Nottingham Business Park Nottingham NG8 6PX
Accountants	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ

Source BioScience (Storage) Limited

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Source BioScience (Storage) Limited

Directors' Report For the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the Company was the manufacture of environmental control products for the biopharma, life science and good sectors and the provision of environmental control and storage services.

Results and dividends

The profit for the year, after taxation, amounted to £203,000 (2016 - £254,000, as restated).

The directors do not recommend the payment of a dividend in the current year (2016 - £Nil).

Directors

The directors who served during the year and up to the date of approval of these financial statements were:

J C LeCoque (appointed 27 April 2017)
I M Chisholm (appointed 27 April 2017, resigned 2 January 2018)
R S Wheatcroft (appointed 27 April 2017)
N W Ash (resigned 12 May 2017)
N I Leaves (resigned 12 May 2017)
T C Metcalfe (resigned 12 May 2017)
J D Agnew (appointed 27 April 2017, resigned 12 May 2017)
T F Nolan (appointed 9 January 2018)

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2016 - £Nil).

Qualifying third party indemnity provisions

The company maintained insurance throughout the year and up to the date of signing the financial statements to cover all directors against liabilities in relation to their performance as directors of the company.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 20th FEBRUARY 2019 and signed on its behalf.



J C LeCoque
Director

Source BioScience (Storage) Limited

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of Source Bioscience (Storage) Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Source BioScience (Storage) Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 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 18 February 2018. Our work has been undertaken solely to prepare for your approval the accounts of Source BioScience (Storage) Limited and state those matters that we have agreed to state to the board of directors of Source BioScience (Storage) Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Source BioScience (Storage) Limited and its board of directors as a body for our work or for this report.

It is your duty to ensure that Source BioScience (Storage) Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Source BioScience (Storage) Limited. 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 accounts.

BDO LLP

BDO LLP
Nottingham
United Kingdom

21 Feb 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Source BioScience (Storage) Limited

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of Source Bioscience (Storage) Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Source BioScience (Storage) Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 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 18 February 2018. Our work has been undertaken solely to prepare for your approval the accounts of Source BioScience (Storage) Limited and state those matters that we have agreed to state to the board of directors of Source BioScience (Storage) Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Source BioScience (Storage) Limited and its board of directors as a body for our work or for this report.

It is your duty to ensure that Source BioScience (Storage) Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Source BioScience (Storage) Limited. 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 accounts.

BDO LLP
Nottingham
United Kingdom

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Source BioScience (Storage) Limited

Statement of Comprehensive Income For the Year Ended 31 December 2017

		2017	As restated 2016
	Note	£000	£000
Turnover		5,716	4,709
Cost of sales		(3,052)	(2,205)
Gross profit		2,664	2,504
Administrative expenses		(2,398)	(2,930)
Exceptional administrative expenses	5	(111)	-
Total administrative expenses		(2,509)	(2,930)
Profit on disposal of fixed assets	7	-	675
Profit before tax		155	249
Tax on profit	6	48	5
Profit for the financial year		203	254

There was no other comprehensive income for 2017 (2016 £Nil).

The notes on pages 7 to 19 form part of these financial statements.

Source BioScience (Storage) Limited

Registered number: 00878160

Statement of Financial Position As at 31 December 2017

		2017 £000	As restated 2016 £000
	Note		
Fixed assets			
Tangible assets	7	3,516	3,892
Investments	8	-	-
		<u>3,516</u>	<u>3,892</u>
Current assets			
Stocks	9	216	205
Debtors: amounts falling due within one year	10	5,199	4,170
Cash at bank and in hand		74	133
		<u>5,489</u>	<u>4,508</u>
Creditors: amounts falling due within one year	11	(5,832)	(5,341)
Net current liabilities		<u>(343)</u>	<u>(833)</u>
Total assets less current liabilities		<u>3,173</u>	<u>3,059</u>
Creditors: amounts falling due after more than one year	12	(435)	(444)
Deferred tax	13	(101)	(150)
Other provisions	14	(280)	(311)
Net assets		<u>2,357</u>	<u>2,154</u>
Capital and reserves			
Called up share capital	15	3	3
Profit and loss account		2,354	2,151
		<u>2,357</u>	<u>2,154</u>

Source BioScience (Storage) Limited
Registered number: 00878160

Statement of Financial Position (continued)
As at 31 December 2017

The directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

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.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

20th FEBRUARY 2019



T F Nolan
Director

The notes on pages 7 to 19 form part of these financial statements.

Source BioScience (Storage) Limited

Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017 (as previously stated)	3	2,400	2,403
Prior year adjustment (note 18)	-	(249)	(249)
At 1 January 2017 (as restated)	<u>3</u>	<u>2,151</u>	<u>2,154</u>
Comprehensive income for the year			
Profit for the year	-	203	203
Total comprehensive income for the year	<u>-</u>	<u>203</u>	<u>203</u>
At 31 December 2017	<u><u>3</u></u>	<u><u>2,354</u></u>	<u><u>2,357</u></u>

Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016 (as previously stated)	3	2,171	2,174
Prior year adjustment (note 18)	-	(274)	(274)
At 1 January 2016 (as restated)	<u>3</u>	<u>1,897</u>	<u>1,900</u>
Comprehensive income for the year			
Profit for the year (as restated)	-	254	254
Total comprehensive income for the year	<u>-</u>	<u>254</u>	<u>254</u>
At 31 December 2016	<u><u>3</u></u>	<u><u>2,151</u></u>	<u><u>2,154</u></u>

The notes on pages 7 to 19 form part of these financial statements.

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. General information

Source BioScience (Storage) Limited is a private limited by shares company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the Company Information page. The nature of the Company's operations and its principal activities are outlined in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Following the change in control in September 2016, the directors have reviewed the accounting framework which has been adopted and decided that FRS 102 is more appropriate than the previous application of FRS 101 Reduced Disclosure Framework (FRS 101). Accordingly these financial statements have been presented under FRS 102 and the comparative figures have been represented accordingly. Further details of the impact of this change are given in note 18.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements have been prepared on a going concern basis reflecting the existence of ongoing financial support from the ultimate parent company and the commitment to postpone repayments of intercompany creditors if required (note 11).

The following principal accounting policies have been consistently applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.3 Revenue

Revenue is measured as the consideration received or receivable for goods and services provided in the normal course of business, net of 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.

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.3 Revenue (continued)

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 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 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.

2.4 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 of 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 value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Impairment of assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. Impairment losses are recognised in the Statement of Comprehensive Income.

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.6 Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense when incurred.

Development costs and acquired computer software

Development costs are written off as incurred except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised from the point of sale or use of the product on a straight-line basis over the period during which the Company is expected to benefit, usually four years. Development costs on projects in progress are not amortised. A provision is made for any impairment in the carrying value of such development costs.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The Company's cash at bank and in hand and trade and other debtors and its trade and other creditors and bank overdrafts are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.14 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.18 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.

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of accounts in conformity with FRS 102 requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Fixed asset impairment

Impairment tests have been undertaken at a group level in respect of goodwill, intangible assets and fixed assets using an assessment of the value in use of the respective CGU's. This has been applied in assessing potential impairment provisions in these financial statements.

Trade receivables

A number of accounting estimates and judgements are incorporated within the impairment provisions for trade receivables. Any trade receivables that are overdue are assessed for impairment and provision made where applicable. Historically low default levels give rise to specific provision only where responses to collection methods have given rise to such a view.

Corporation tax liabilities

The Company is required to estimate its tax assets and liabilities. This requires an estimate of the current tax liability together with the outcome of any open positions which may be subject to challenge by the tax authorities. An assessment of the temporary differences which arise as a result of different accounting and tax treatments is also required as these temporary differences result in deferred tax assets or liabilities. Deferred tax assets are only recognised to the extent that it is more likely than not that the asset will be realised in the future. This evaluation requires judgements to be made including the forecast of future taxable income.

4. Employees

The average monthly number of employees, including directors, during the year was 29 (2016 - 29).

5. Exceptional administrative expenses

The exceptional administrative expenses relate to the recognition of an impairment of £111,000 in respect of irrecoverable debtors due from other group undertakings.

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

6. Taxation

	2017 £000	As restated 2016 £000
Corporation tax		
Current tax on profits for the year	1	-
Adjustments in respect of previous periods	-	38
Total current tax	<u>1</u>	<u>38</u>
Deferred tax		
Origination and reversal of timing differences	(49)	(43)
Total deferred tax	<u>(49)</u>	<u>(43)</u>
Taxation credit on profit for the year	<u>(48)</u>	<u>(5)</u>

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

7. Tangible fixed assets

	Freehold property £000	Plant, machinery and office equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 January 2017	2,783	4,544	106	7,433
Additions	-	17	-	17
Disposals	-	-	(49)	(49)
At 31 December 2017	2,783	4,561	57	7,401
Depreciation				
At 1 January 2017	390	3,064	87	3,541
Charge for the year on owned assets	47	341	5	393
Disposals	-	-	(49)	(49)
At 31 December 2017	437	3,405	43	3,885
Net book value				
At 31 December 2017	2,346	1,156	14	3,516
At 31 December 2016	2,393	1,480	19	3,892

The land and buildings at Diggle were revalued from £184,000 to £375,000 on 13 September 2004 by Ryder & Dutton Chartered Surveyors on an open market existing use basis. The land and buildings at Diggle were then impaired to £Nil at 31 December 2013 and remained impaired at £Nil at 31 December 2015 as although the company had signed an agreement to sell the land and buildings, this was subject to planning conditions which were not met at that balance sheet date. These were resolved and the land and buildings were sold on 31 May 2016 for a profit of £675,000. Following the disposal of Diggle, all the remaining freehold property is held at cost.

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

8. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2017	110
At 31 December 2017	110
Impairment	
At 1 January 2017	110
At 31 December 2017	110
At 31 December 2017	-
At 31 December 2016	-

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Source BioScience Inc.	USA	Common	100 %	Services

The Company has provided against its investment in Source BioScience Inc. given the uncertainty of generating profits to support the investment carrying value.

The registered office of the above subsidiary company is 300 Town Park Drive, Suite 130, Kennesaw, GA 30144, USA.

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

9. Stocks

	2017 £000	2016 £000
Raw materials and consumables	216	189
Work in progress	-	16
	<u>216</u>	<u>205</u>

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

10. Debtors

	2017 £000	2016 £000
Trade debtors	949	826
Amounts owed by group undertakings	3,729	3,060
Other debtors	372	190
Prepayments and accrued income	118	72
Tax recoverable	31	22
	<u>5,199</u>	<u>4,170</u>

11. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	311	258
Amounts owed to group undertakings	4,989	4,695
Corporation tax	1	2
Other taxation and social security	77	-
Other creditors	20	20
Accruals and deferred income	434	366
	<u>5,832</u>	<u>5,341</u>

Amounts owed to group undertakings are unsecured and interest free. They have no fixed repayment date, however, the company has received written confirmation 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.

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

12. Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Accruals and deferred income	435	444
	<u>435</u>	<u>444</u>

13. Deferred taxation

	2017 £000
At beginning of year (as restated)	150
Credited to profit or loss	(49)
At end of year	<u>101</u>

The provision for deferred taxation is made up as follows:

	2017 £000	As restated 2016 £000
Accelerated capital allowances	(89)	(144)
Rollover gain	(71)	(71)
Other timing differences	59	65
	<u>(101)</u>	<u>(150)</u>

14. Provisions

	Onerous contract £000
At 1 January 2017 (as restated)	311
Utilised in year	(31)
At 31 December 2017	<u>280</u>

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.

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

15. Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
3,000 Ordinary shares of £1 each	3	3

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.

16. Contingent liabilities

At 31 December 2017, under the terms of the Source BioScience plc group banking facility with Barclays Bank, the Company was a party to a bank guarantee with other Group companies. At 31 December 2017 the maximum contingent liability under Group banking arrangements was £5.7m (2016 - £7.4m). The Group has a right of set off on all overdraft and bank borrowings as part of this agreement.

17. Controlling party

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

18. Prior year adjustment and transition to FRS 102

The company has adopted FRS 102 in the preparation of the financial statements. In adopting FRS 102 the company has considered the impact of this transition on the balance sheet at the transition date of 1 January 2016, together with the effects on the previously reported results and balance sheet at 31 December 2016. This review has concluded that the policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted the previously reported equity or profits or losses.

The additional rigour applied in assessing the impact of the transition, combined with the procedures to assess the fair value of the assets and liabilities at the date control passed to Sherwood Holdings Limited in September 2016, led to the identification of an error in the previously reported figures.

Reconciliation of equity at 1 January 2016

	As previously reported £000	Restatement £000	As restated £000
Share capital	3	-	3
Profit and loss account	2,171	(274)	1,897
	<u>2,174</u>	<u>(274)</u>	<u>1,900</u>

Source BioScience (Storage) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

18. Prior year adjustment and transition to FRS 102 (continued)

Reconciliation of comprehensive income for the year ended 31 December 2016

	As previously reported £000	Restatement £000	As restated £000
Turnover	4,709	-	4,709
Cost of sales	(2,205)	-	(2,205)
Gross profit	2,504	-	2,504
Administrative expenses	(2,961)	31	(2,930)
Profit on disposal of fixed assets	675	-	675
Operating profit	218	31	249
Profit before tax			
Tax on profit	11	(6)	5
Profit for the financial year	229	25	254

Reconciliation of equity at 31 December 2016

	As previously reported £000	Restatement £000	As restated £000
Share capital	3	-	3
Profit and loss account	2,400	(249)	2,151
	2,403	(249)	2,154

Restatement

The restatement to correct the error in the previously reported figures is the recognition of an onerous contract provision on a long term cryogenic storage contract of £342,000 at 1 January 2016 and £311,000 at 31 December 2016, together with the associated tax effects.