

SOURCE BIOSCIENCE (STORAGE) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021



SOURCE BIOSCIENCE (STORAGE) LIMITED

COMPANY INFORMATION

Directors	J C LeCoque D M Kirkham A Ratcliffe
Company number	00878160
Registered office	1 Orchard Place Nottingham Business Park Nottingham NG8 6PX
Auditor	RSM UK Audit LLP Chartered Accountants Suite A, 7th Floor East West Building 2 Tollhouse Hill Nottingham NG1 5FS

SOURCE BIOSCIENCE (STORAGE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the Company continued to be that of the manufacture of environmental control products for the biopharma, and life sciences markets, and the provision of environmental control and storage services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J C LeCoque

R S Wheatcroft

(Resigned 15 June 2021)

D M Kirkham

(Appointed 16 June 2021)

A Ratcliffe

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

In accordance with the articles of association of the ultimate parent company, SourceBio International PLC, a resolution proposing RSM UK Audit LLP to be reappointed as group auditors and for all relevant group entities will be put forward to the general meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



A Ratcliffe

Director

27 July 2022

SOURCE BIOSCIENCE (STORAGE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOURCE BIOSCIENCE (STORAGE) LIMITED

Opinion

We have audited the financial statements of Source BioScience (Storage) Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOURCE BIOSCIENCE (STORAGE) LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOURCE BIOSCIENCE (STORAGE) LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to ISO standards for medical services and GDPR. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- Testing manual journal entries and other adjustments using data analytics software;
- Evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- Cut-off testing and substantive testing procedures using financial data analytics software to validate revenue recognition throughout the year.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Stephenson

Neil Stephenson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A, 7th Floor
East West Building
2 Tollhouse Hill
Nottingham
NG1 5FS
27 July 2022

SOURCE BIOSCIENCE (STORAGE) LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
		£'000	£'000
Turnover		4,503	4,349
Cost of sales		<u>(2,738)</u>	<u>(2,337)</u>
Gross profit		1,765	2,012
Administrative expenses		(1,332)	(845)
Other operating income		9	22
Exceptional administrative expenses	2	<u>(1,079)</u>	<u>(62)</u>
(Loss)/profit before taxation		(637)	1,127
Tax on (loss)/ profit	4	<u>(74)</u>	<u>(29)</u>
(Loss)/profit for the financial year		(711)	1,098
Retained earnings brought forward		<u>4,368</u>	<u>3,270</u>
Retained earnings carried forward		<u>3,657</u>	<u>4,368</u>

SOURCE BIOSCIENCE (STORAGE) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	£'000	2020 £'000	£'000
Fixed assets					
Intangible assets	5		13		19
Tangible assets	6		2,655		2,871
Investments	7		-		-
			<u>2,668</u>		<u>2,890</u>
Current assets					
Stocks	9	232		202	
Debtors	10	5,633		6,014	
Cash at bank and in hand		<u>2,599</u>		<u>704</u>	
		8,464		6,920	
Creditors: amounts falling due within one year	11	<u>(6,881)</u>		<u>(4,886)</u>	
Net current assets			<u>1,583</u>		<u>2,034</u>
Total assets less current liabilities			<u>4,251</u>		<u>4,924</u>
Creditors: amounts falling due after more than one year	12		(297)		(331)
Provisions for liabilities	13		<u>(294)</u>		<u>(222)</u>
Net assets			<u>3,660</u>		<u>4,371</u>
Capital and reserves					
Called up share capital	15		3		3
Profit and loss reserves			<u>3,657</u>		<u>4,368</u>
Total equity			<u>3,660</u>		<u>4,371</u>

These financial statements have been prepared 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 27 July 2022 and are signed on its behalf by:



A Ratcliffe
Director

SOURCE BIOSCIENCE (STORAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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", including the adoption of the amendments issued in December 2017, ("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.

Group accounts exemption

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.

Source Bioscience (Storage) Limited is a wholly owned subsidiary of Source Bioscience Limited and the results of Source Bioscience (Storage) Limited are included in the consolidated financial statements of SourceBio International plc which are available from 1 Orchard Place, Nottingham Business Park, Nottingham, NG8 6PX.

Going concern

The Directors have assessed the Balance Sheet and likely future cash flows at the date of approving these financial statements and have prepared detailed budgets and forecasts for the Company and its trading subsidiaries covering the period to 31 December 2023.

The company has received confirmation of continued support from the wider Source BioScience Group for at least twelve months from the date of approval of these financial statements. Based on the forecast cash and operating profits forecast at the Group level, the directors have a reasonable expectation that the Company has adequate resources to continue operating and meet its financial obligations as they fall due for at least 12 months from the date of signing these 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.

SOURCE BIOSCIENCE (STORAGE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Turnover (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 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.

Intangible fixed assets other than goodwill

Intangible assets that are acquired by the Company are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5 years
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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 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.

SOURCE BIOSCIENCE (STORAGE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible 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.

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.

SOURCE BIOSCIENCE (STORAGE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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 transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

SOURCE BIOSCIENCE (STORAGE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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.

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.

SOURCE BIOSCIENCE (STORAGE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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.

SOURCE BIOSCIENCE (STORAGE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

2 Exceptional administrative expenses

	2021 £'000	2020 £'000
Impairment of amounts owed by group undertakings	1,079	62

Exceptional costs in the current and prior year also include amounts in respect of the impairment of balances with fellow group undertakings.

3 Employees

The average monthly number of persons (including directors) employed by the Company during the year was 34 (2020 - 34).

During the year, grant income under the CJRS assistance scheme totalling £9,000 (2020 – £22,000) was recognised in respect of furloughed employees as a result of the COVID-19 pandemic.

The directors were remunerated for their services to the Company by the ultimate parent company SourceBio International plc and other group companies. Full details of their remuneration are shown in the financial statements of Source BioScience UK Limited and SourceBio International plc, the ultimate parent company. No further disclosure has been included herein as it is not considered practicable to allocate directors' remuneration to individual companies within the group.

4 Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on profits for the current year	-	-
Adjustments in respect of prior periods	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(29)	25
Changes in tax rates	41	4
Adjustments in respect of prior periods	62	-
Total deferred tax and tax charge	74	29

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Substantive enactment occurred on 24 May 2021 therefore its effects have been included in these financial statements. The deferred tax balances within these financial statements have been calculated at 19% or 25% depending on when the related timing difference will reverse (2020: 19%).

SOURCE BIOSCIENCE (STORAGE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

5 Intangible fixed assets

	Computer software	Total
	£'000	£'000
At 1 January 2021	25	25
Additions	-	-
At 31 December 2021	25	25
At 1 January 2021	6	6
Amortisation charged for the year	6	6
At 31 December 2021	12	12
At 31 December 2021	13	13
At 31 December 2020	19	19

6 Tangible fixed assets

	Freehold property	Plant, machinery and office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2021	2,783	4,525	22	7,330
Additions	-	2	-	2
At 31 December 2021	2,783	4,527	22	7,332
Depreciation and impairment				
At 1 January 2021	578	3,861	20	4,459
Depreciation charged in the year	46	170	2	218
At 31 December 2021	624	4,031	22	4,677
Carrying amount				
At 31 December 2021	2,159	496	-	2,655
At 31 December 2020	2,205	664	2	2,871

SOURCE BIOSCIENCE (STORAGE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

7 Fixed asset investments

	2021 £'000	2020 £'000
Investments	-	-
Movements in fixed asset investments		
		Shares in group undertakings
		£'000
Cost or valuation		
At 1 January 2021 & 31 December 2021		110
Impairment		
At 1 January 2021 & 31 December 2021		110
Carrying amount		
At 31 December 2021		-
At 31 December 2020		-

8 Subsidiaries

Details of the Company's subsidiary at 31 December 2021 is as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Source BioScience Inc.	6696 Mesa Ridge Rd Suite B San Diego CA 92121 USA	Provision of controlled environment storage, services and products	Common	100

9 Stocks

	2021 £'000	2020 £'000
Stocks	232	202

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 2021

10 Debtors

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	557	1,185
Amounts owed by group undertakings	4,888	4,740
Other debtors	188	89
	<u>5,633</u>	<u>6,014</u>

11 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	185	99
Amounts owed to group undertakings	6,187	3,880
Taxation and social security	90	310
Deferred income	304	527
Other creditors	8	1
Accruals	107	69
	<u>6,881</u>	<u>4,886</u>

Amounts owed to group undertakings are unsecured and no interest is charged. 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.

12 Creditors: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Deferred income	<u>297</u>	<u>331</u>

Deferred income which is due after more than 5 years totals £159,000 (2020: £193,000).

13 Provisions for liabilities

	2021	2020
	£'000	£'000
Onerous contract	155	156
Deferred tax liabilities	139	66
	<u>294</u>	<u>222</u>

SOURCE BIOSCIENCE (STORAGE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

13 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

	Onerous contract £'000
At 1 January 2021	156
Utilisation of provision	(1)
	<u>155</u>
At 31 December 2021	<u>155</u>

The onerous contract 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 by 2037.

14 Deferred taxation

The major deferred tax liabilities and assets recognised by the Company are:

	Liabilities 2021 £'000	Liabilities 2020 £'000
Balances:		
Accelerated capital allowances	37	51
Short term timing differences	(2)	15
Capital gains	104	-
	<u>139</u>	<u>66</u>
		2021 £'000
Movements in the year:		
Liability at 1 January 2021		66
Charge to profit or loss		74
		<u>140</u>
Liability at 31 December 2021		<u>140</u>

15 Called up share capital

	2021 £'000	2020 £'000
Ordinary share capital		
Issued and fully paid		
3,000 Ordinary shares of £1 each	3	3
	<u>3</u>	<u>3</u>

SOURCE BIOSCIENCE (STORAGE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

16 Ultimate controlling party

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