

NSF SAFETY & QUALITY UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



NSF SAFETY & QUALITY UK LIMITED

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NSF SAFETY & QUALITY UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

The group's principal business comprises the auditing and inspection of customers' food production, processing and retailing activities. As such they will continue to be in demand as food processors and retailers continue to require assurance processes to be in place across their supply chains. Demand for the services provided by the Group remains strong in established markets and is growing in developing markets. The Group has an established client base, and by being part of the international NSF group, shares in the global drive to generate further business.

The Group is part of the global NSF International group, and has responsibilities for markets in the geographic areas of Europe, Middle East, and Africa.

Increase in turnover for the year is £806,000, 3% up on the previous year. Cost of sales has increased by 7.53% which is significantly more than revenue growth, the increase in costs of sales was mainly due to an overspend in labour resourcing. There has been a decrease in admin expenses of 8.21% which has resulted in an operating loss of £802,000, which shows an improvement on the prior year.

Principal risks and uncertainties

Financial risk management objectives and policies are outlined in the directors' report.

The demand for the group's services is underpinned by consumer concerns over food safety and by government legislation and initiatives in response to those concerns, and is thus unlikely to weaken, and our principal operations are in established markets where there is little likelihood of organic growth. The principal risks to the Group are therefore related to maintaining a competitive position in a static market, whilst introducing new services, broadening the customer base and focusing on services with sustainable margins.

The business has evaluated the impact for the UK's departure from the EU and is ready for all eventualities. The vast majority of the work is delivered for UK customers by UK people, but there is a small amount of work that is delivered for customers in the EU by people based in the UK, however our locations in the EU give us flexibility as to how we deliver this work.

NSF SAFETY & QUALITY UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Key performance indicators

The group uses a scorecard of key performance indicators. Goals have been set for every individual in the business. This has resulted in a much clearer focus for the business and individuals.

The scorecard contains four quadrants to ensure there is a balanced approach.

- Financial – focusing on revenue and increasingly profitability.
- Customers – ensuring we are tracking how well we are serving them.
- Colleagues – making NSF a great place to work to retain and attract talent.
- Operations – to ensure we are running efficiently and effectively.

The Group has been focusing on increasing revenue and profitability with turnover tracking 3% above the prior year, 2018 £27,162k (2017: £23,356k) and a significant uplift in revenue from our most important customers. There has also been a reduction in the loss of £202k with 2018 being £802k compared to £1,004k in 2017.

Levels of customer service have improved significantly in 2018 with only one of our top 100 customers being lost and the securing of four new large customers into our top 50. A customer satisfaction survey was completed in 2018 and the results show a really good level of customer satisfaction.

Overall labour turnover decreased in 2018 being 74 compared to 101 in 2017. The introduction of several initiatives in 2018 to make NSF an even better place to work has made good progress and further initiatives are being implemented to continue to drive labour turnover reduction in 2019, an example of which is the introduction of a team dedicated to connecting NSF employees, whilst increasing our support for charitable organisations.

We made significant progress in 2018 to implement IT and other technology. This has benefited our customers and helped us to drive efficiency.

We also made significant progress towards diversifying the business towards sectors that are growing. One example of this is adding Just Eat as a customer in 2018. We are helping them develop their strategy to spend £1m on food safety improvements in 2019.

NSF SAFETY & QUALITY UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Future developments

The directors expect the general level of activity to increase in the future as a result of evolving customer requirements and an extension of our activity in the areas of smaller retail outlets and training.

The business has evaluated the impact for the UK's departure from the EU and is ready for all eventualities. The vast majority of the work is delivered for UK customers by UK people, but there is a small amount of work that is delivered for customers in the EU by people based in the UK, however our location in the EU give us flexibility as to how we deliver this work.

The business started 2019 with strong performance and subsequent reforecasts show that the by the end of 2019, the business will hit or slightly exceed budgets resulting in margins showing significant improvement on 2018

In 2018 we made significant progress to simplify our corporate structure, and this work will continue in 2019. On 1 January 2020 the trade and assets of NSF Agriculture UK Limited will be transferred into NSF Certification UK Limited and this company will cease to trade.

On 31 July 2019 NSF Safety and Quality UK Limited purchased the other half of the joint venture NSF Italy.

Approved by the board and signed on its behalf by:



L Chipper

Director

27 September 2019

NSF SAFETY & QUALITY UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Directors

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

K Lawlor
L Chipper
R Rabbideau
M Katz Pek
D Garren
M Walsh
R Chester

Results and dividends

The results for the year are set out on page 10.

No dividends were paid in the current or prior year. The directors do not recommend payment of a further dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company. This is achieved through formal and informal meetings and regular video presentations by senior board members. We ran an organisational health engagement survey this year which has resulted in a number of working groups being formed globally to address the issues raised. Our employees also benefit from our Gainshare programme, where they have the potential to receive a percentage of their salary based on company profits.

Post reporting date events

On 31 July 2019 NSF Safety and Quality UK Limited purchased the remaining 50% of NSF Italy at market value.

Future developments

The plans for the foreseeable future are that as at 1 January 2020 the trade and assets of NSF Agriculture UK Limited will be transferred into NSF Certification UK Limited.

Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

NSF SAFETY & QUALITY UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Going concern

The directors have reviewed the consolidated net current liability position of £1,737,000 and have concluded that, in the context of the overall size of the group and its position within the wider NSF group, the net current liability position is not a cause for concern. The directors have acknowledged the latest FRC guidance on going concern during the current economic conditions. The group has prepared forecasts (including those of the company), taking into account reasonably possible changes, which have been reviewed by the directors, based on estimates and judgements about the economic environment in which the group operates. In addition the ultimate holding company, NSF International, has confirmed that it will provide sufficient working capital for the company to meet its liabilities for at least twelve months from the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The group does not undertake hedging or use financial instruments to manage financial risks.

Cash flow risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The nature of foreign currency trading activities is such that it is more economic for the Group to carry the foreign exchange risks than to undertake hedging or derivative transactions to mitigate the risks. Risk is mitigated where possible by using foreign currency funds to settle liabilities in local currencies and in respect of foreign subsidiaries, debts and liabilities are offset to limit payments and foreign exchange exposure.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. Credit risk is mitigated by performing credit risk assessments, where risks are identified, advance payment or specific settlement terms are agreed.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The company maintains liquidity sufficient to ensure that sufficient funds are available for ongoing operations and future developments. The company also has access to a line of credit, shared with the global NSF group, of \$100,000,000. The company does not ordinarily make use of any form of debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Approved by the board and on its behalf by:



L Chipper
Director

27 September 2019

NSF SAFETY & QUALITY UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 of the group 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.

NSF SAFETY & QUALITY UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NSF SAFETY & QUALITY UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of NSF Safety and Quality Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the group statement of comprehensive income;
- the group and parent company balance sheets;
- the group and parent company statements of changes in equity;
- the group statement of cash flows; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

NSF SAFETY & QUALITY UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NSF SAFETY & QUALITY UK LIMITED

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent 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.

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.

NSF SAFETY & QUALITY UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NSF SAFETY & QUALITY UK LIMITED

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

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.



Craig Wisdom FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Statutory Auditor
30 September 2019

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3 Victoria Square
Victoria Street
St Albans
AL1 3TF
United Kingdom

NSF SAFETY & QUALITY UK LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Turnover	3	27,162	26,356
Cost of sales		(19,416)	(18,056)
Gross profit		7,746	8,300
Administrative expenses		(8,548)	(9,304)
Operating loss	4	(802)	(1,004)
Share of results of associates and joint ventures		16	31
Interest receivable and similar income		3	(6)
Interest payable and similar expenses		(3)	-
Loss before taxation		(786)	(979)
Tax on loss	8	93	197
Loss for the financial year	21	(693)	(782)
Other comprehensive income			
Currency translation differences		12	52
Total comprehensive expense for the year		(681)	(730)

Loss for the financial year is all attributable to the owner of the parent company.

Total comprehensive income for the year is all attributable to the owner of the parent company.

The Group Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

NSF SAFETY & QUALITY UK LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	£000	£000	£000	£000
Fixed assets					
Goodwill	9		98		182
Tangible assets	10		1,498		1,543
Investments	11		161		145
			<u>1,757</u>		<u>1,870</u>
Current assets					
Stocks	14	16		23	
Debtors	15	5,267		4,965	
Cash at bank and in hand		976		1,610	
		<u>6,259</u>		<u>6,598</u>	
Creditors: amounts falling due within one year	16	(7,996)		(7,767)	
Net current liabilities			<u>(1,737)</u>		<u>(1,169)</u>
Total assets less current liabilities, being net assets			<u>20</u>		<u>701</u>
Capital and reserves					
Called up share capital	19		1,161		1,161
Share premium account	20		1,555		1,555
Profit and loss reserves	21		(2,696)		(2,015)
Total equity			<u>20</u>		<u>701</u>

The financial statements were approved by the board of directors and authorised for issue on 27 September 2019 and are signed on its behalf by:



L Chipper
Director

NSF SAFETY & QUALITY UK LIMITED

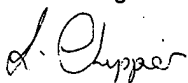
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Tangible assets	10	916	871
Investments	11	2,002	2,005
		<u>2,918</u>	<u>2,876</u>
Current assets			
Stocks	14	15	22
Debtors	15	4,709	3,255
Cash at bank and in hand		574	1,206
		<u>5,298</u>	<u>4,483</u>
Creditors: amounts falling due within one year	16	<u>(8,977)</u>	<u>(6,846)</u>
Net current liabilities		<u>(3,679)</u>	<u>(2,363)</u>
Total assets less current liabilities, being net (liabilities)/assets		<u>(761)</u>	<u>513</u>
Capital and reserves			
Called up share capital	19	1,161	1,161
Share premium account	20	1,555	1,555
Profit and loss reserves	21	<u>(3,477)</u>	<u>(2,203)</u>
Total shareholder's (deficit)/equity		<u>(761)</u>	<u>513</u>

As permitted by section 408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,274,000 (2017 - £2,430,000 loss).

The financial statements were approved by the board of directors and authorised for issue on 27 September 2019 and are signed on its behalf by:



L Chipper
Director

Company Registration No. 01899857

NSF SAFETY & QUALITY UK LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £000	Share premium account £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2017		161	1,555	(1,285)	431
Year ended 31 December 2017:					
Loss for the year		-	-	(782)	(782)
Other comprehensive income:					
Currency translation differences		-	-	52	52
Total comprehensive expense for the year		-	-	(730)	(730)
Issue of share capital	19	1,000	-	-	1,000
Balance at 31 December 2017		1,161	1,555	(2,015)	701
Year ended 31 December 2018:					
Loss for the year		-	-	(693)	(693)
Other comprehensive income:					
Currency translation differences on overseas subsidiaries		-	-	12	12
Total comprehensive expense for the year		-	-	(681)	(681)
Balance at 31 December 2018		1,161	1,555	(2,696)	20

NSF SAFETY & QUALITY UK LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Profit and loss reserves	Total
	£000	£000	£000	£000
Balance at 1 January 2017	1,161	1,555	227	2,943
Year ended 31 December 2017:				
Loss and total comprehensive income for the year	-	-	(2,430)	(2,430)
Balance at 31 December 2017	1,161	1,555	(2,203)	513
Year ended 31 December 2018:				
Loss and total comprehensive income for the year	-	-	(1,274)	(1,274)
Balance at 31 December 2018	1,161	1,555	(3,477)	(761)

NSF SAFETY & QUALITY UK LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018		2017	
	Notes	£000	£000	£000	£000
Cash flows from operating activities					
Cash absorbed by operations	27		(387)		(1,187)
Interest paid			(3)		(6)
Income taxes paid			-		(48)
Net cash outflow from operating activities			(390)		(1,241)
Investing activities					
Purchase of tangible fixed assets		(240)		(479)	
Interest received		3		-	
Net cash used in investing activities			(237)		(479)
Financing activities					
Proceeds from issue of shares		-		1,000	
Effect of foreign exchange rates		(19)		91	
Net cash (used in)/generated from financing activities			(19)		1,091
Net decrease in cash and cash equivalents			(646)		(629)
Cash and cash equivalents at beginning of year			1,610		2,187
Effect of foreign exchange rates			12		52
Cash and cash equivalents at end of year			976		1,610

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

NSF Safety & Quality UK Limited ("the company") is a Private limited company by shares and domiciled and incorporated in England and Wales. The registered office is Hanborough Business Park, Long Hanborough, Oxford, OX29 8SJ.

The group consists of NSF Safety & Quality UK Limited and all of its subsidiaries.

1.1 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.

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 is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

The consolidated financial statements incorporate those of NSF Safety & Quality UK Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 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.

The directors have reviewed the consolidated net current liability position of £1,737,000 and have concluded that, in the context of the overall size of the group and its position within the wider NSF group, the net current liability position is not a cause for concern.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The directors have acknowledged the latest FRC guidance on going concern during the current economic conditions. The group has prepared forecasts (including those of the company), taking into account reasonably possible changes, which have been reviewed by the directors, based on estimates and judgements about the economic environment in which the group operates. In addition the ultimate holding company, NSF International, has confirmed that it will provide sufficient working capital for the company to meet its liabilities for at least twelve months from the date of signing these financial statements.

1.4 Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover is exclusively the supply of services and represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 3 to 10 years.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation 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:

Freehold land and buildings	straight line over 5 to 40 years
Short leasehold	Straight line over the period of the lease
Fixtures and fittings	straight line over 5 to 15 years
Computers	Straight line over 1.5 to 5 years

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

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 recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the group 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.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the first in first out (FIFO) model.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Group relief

The company is part of a tax group with other group entities for corporation tax purposes. Group relief is used to manage the overall tax position of the group. Consideration is earned or paid for for this group relief equivalent to the tax charge or credit transferred. These are disclosed as part of the total taxation charge.

1.12 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.

1.13 Retirement benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits 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 in the balance sheet.

1.14 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 lease asset are consumed.

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Income recognition

Work undertaken by the company wholly within an accounting period is recognised in the accounting period. Where work extends over more than one accounting period, or invoices are raised in advance of performance of the work, the final invoice value of the work is recognised in proportion to the extent that obligations to the customer are discharged.

Revenue recognition point for membership income

All membership revenue is credited to deferred income in the balance sheet at the time of a member first joining or on subsequent renewal, and recognised as revenue when the associated audit takes place as, in management's judgement this reflects more accurately the performance of the Company's obligations.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of Investment and goodwill and provisions against receivables

There are no sources of material estimation uncertainty.

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue

The turnover and profit before taxation are attributable to the one principal activity of the group. No geographical analysis of turnover is presented as the directors are of the opinion that to do so would be seriously prejudicial to the interests of the group.

	2018 £000	2017 £000
Other significant revenue		
Interest income	2	1

4 Operating loss

	2018 £000	2017 £000
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	5	(33)
Depreciation of owned tangible fixed assets	228	235
Amortisation of intangible assets	84	98
Provision for intercompany receivables written off	-	2,516
Operating lease charges	475	542

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £5,000 (2017 - £36,000).

5 Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	42	38
Audit of the financial statements of the company's subsidiaries	41	39
	83	77

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Consultants and auditor's	119	126	96	84
Management and administration	198	192	101	96
	317	318	197	180

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Employees

Their aggregate remuneration comprised:

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Wages and salaries	12,099	11,357	8,200	6,938
Social security costs	1,196	1,073	880	733
Pension costs	696	683	568	496
	<u>13,991</u>	<u>13,113</u>	<u>9,648</u>	<u>8,167</u>

7 Directors' remuneration

	2018	2017
	£000	£000
Remuneration for qualifying services	355	310
Company pension contributions to defined contribution schemes	57	59
	<u>412</u>	<u>369</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018	2017
	£000	£000
Remuneration for qualifying services	231	195
Company pension contributions to defined contribution schemes	40	39

No amounts are allocated for services within this group as services provided to NSF Safety & Quality group are purely incidental.

Key management personnel

There are no key management personnel for the Group other than the directors and accordingly no separate statement has been produced for key management personnel remuneration.

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Taxation

	2018 £000	2017 £000
Current tax		
Tax relating to prior year adjustments recognised in profit or loss	-	(1)
Group tax relief	(169)	(575)
Total UK current tax	(169)	(576)
Foreign current tax on profits for the current period	75	48
Total current tax	(94)	(528)
Deferred tax		
Origination and reversal of timing differences	1	310
Adjustment in respect of prior periods	-	21
Total deferred tax	1	331
Total tax credit	(93)	(197)

The standard rate of tax applied to profit is 19 percent (2017: 19.25 percent). In September 2016, it was substantively enacted that, as well as the planned reduction in Corporation tax to 19 percent from 1 April 2017, there would be a further reduction to 17 percent from 1 April 2020. This will reduce the Company's future tax charge accordingly. As the changes have been substantively enacted at the balance sheet date their effects are included in these financial statements. The applicable tax rate has changed following the substantive enactment of the Finance Act 2014.

There is no expiry date on timing differences, unused tax losses or tax credits.

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Taxation

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018 £000	2017 £000
Loss before taxation	(786)	(979)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(149)	(188)
Tax effect of expenses that are not deductible in determining taxable profit	2	17
Adjustments in respect of prior years	-	20
Effect of change in corporation tax rate	-	(8)
Group relief	169	575
Effect of overseas tax rates	73	13
Deferred tax adjustments in respect of prior years	(5)	-
Payment for group relief	(169)	(575)
Fixed asset differences	35	4
Deferred tax not recognised	(45)	(55)
Other	(4)	-
Taxation credit	(93)	(197)

9 Intangible fixed assets

Group	Goodwill £000
Cost	
At 1 January 2018 and 31 December 2018	3,065
Amortisation and impairment	
At 1 January 2018	2,883
Amortisation charged for the year	84
At 31 December 2018	2,967
Carrying amount	
At 31 December 2018	98
At 31 December 2017	182

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Tangible fixed assets

Group	Freehold land and buildings £000	Short leasehold £000	Fixtures and fittings £000	Computers £000	Total £000
Cost					
At 1 January 2018	1,358	396	237	2,545	4,536
Additions	-	-	3	237	240
Disposals	-	-	-	(238)	(238)
Transfers	-	-	-	39	39
Exchange adjustments	-	-	-	(86)	(86)
At 31 December 2018	1,358	396	240	2,497	4,491
Depreciation and impairment					
At 1 January 2018	415	384	194	2,000	2,993
Depreciation charged in the year	34	5	16	173	228
Eliminated in respect of disposals	-	-	-	(238)	(238)
Transfers	-	-	-	27	27
Exchange adjustments	-	-	-	(18)	(18)
At 31 December 2018	449	391	210	1,944	2,991
Carrying amount					
At 31 December 2018	911	5	26	556	1,498
At 31 December 2017	943	12	43	545	1,543

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Tangible fixed assets

Company	Freehold land and buildings £000	Short leasehold £000	Fixtures and fittings £000	Computers £000	Total £000
Cost					
At 1 January 2018	530	388	141	1,626	2,685
Additions	-	-	-	221	221
Disposals	-	-	-	(195)	(195)
Transfers	-	-	-	39	39
At 31 December 2018	530	388	141	1,691	2,750
Depreciation and impairment					
At 1 January 2018	155	381	128	1,150	1,814
Depreciation charged in the year	14	4	12	158	188
Eliminated in respect of disposals	-	-	-	(195)	(195)
Transfers	-	-	-	27	27
At 31 December 2018	169	385	140	1,140	1,834
Carrying amount					
At 31 December 2018	361	3	1	551	916
At 31 December 2017	375	7	13	476	871

11 Fixed asset investments

	Notes	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Investments in subsidiaries	12	-	-	2,002	2,001
Investments in joint ventures		161	145	-	4
		161	145	2,002	2,005

Movements in fixed asset investments Group

Carrying value

At 1 January 2018

Share of retained profit for the year

At 31 December 2018

Joint venture
£000

145

16

161

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Fixed asset investments

Movements in fixed asset investments Company

Shares in group
undertakings
and
participating
interests

£000

Cost or valuation

At 1 January 2018

2,005

Reclassification

1

Adjustment

(4)

At 31 December 2018

2,002

Carrying amount

At 31 December 2018

2,002

At 31 December 2017

2,005

During the year it came to light that the 50% share in NSF Italy (valued at £4k) was owned by NSF Certification UK Limited and not NSF Safety and Quality UK Limited where it has previously been disclosed.

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Subsidiaries and joint ventures

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Integra Food Secure Limited	Hanborough Business Park, long Hanborough, Oxford, OX29 8SJ	Agricultural certification	Ordinary	100.00	
NSF Africa (Pty.) Limited	Stargrow Building, 21 Elektron Avenue, Technopark, Stellenbosch 7600, South Africa	Agricultural certification	Ordinary	100.00	
NSF Agriculture UK Limited	Hanborough Business Park, long Hanborough, Oxford, OX29 8SJ	Agricultural certification	Ordinary	100.00	
NSF Certification UK Limited	Hanborough Business Park, long Hanborough, Oxford, OX29 8SJ	Agricultural certification	Ordinary	100.00	
NSF Health and Safety Spain SA	Avda. Carlos III, 31 40721 El Parador - Almeria, Spain	Agricultural certification	Ordinary	100.00	
NSF Italy SRL	Cesare Boldrini 24-40121 Bologna, Italy	Agricultural certification	Ordinary	100.00	50.00

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Financial instruments

	Group 2018 £000	2017 £000
Carrying amount of financial assets		
Trade and other debtors (see note 15)	4,668	4,334
Amounts due from associates and other group undertakings (see note 15)	599	631
Investments in associates (see note 11)	161	145
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
Trade and other creditors (see note 16)	7,583	7,341
Amounts owed to associates and other group undertakings (see note 16)	413	426

14 Stocks

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Finished goods and goods for resale	16	23	15	22

15 Debtors

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Amounts falling due within one year:				
Trade debtors	3,361	3,782	2,286	2,200
Corporation tax recoverable	10	-	-	-
Amount owed by parent	-	54	-	54
Amounts owed by group undertakings	569	577	1,469	490
Amounts owed by associate	30	-	-	27
Other debtors	931	172	639	141
Prepayments and accrued income	344	368	315	343
	5,245	4,953	4,709	3,255
Deferred tax asset (note 17)	22	12	-	-
	5,267	4,965	4,709	3,255

Included in other debtors is £717k (2017:£149k) of un-invoiced revenue.

All amounts owed by related parties relate to either trading on normal terms or to group relief.

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Creditors: amounts falling due within one year

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Trade creditors	1,520	1,220	691	596
Amounts owed to group undertakings	413	426	6,461	4,116
Amounts owed to associates	-	-	-	463
Corporation tax payable	(19)	70	(19)	-
Other taxation and social security	432	372	303	259
VAT	385	434	335	414
Defined contribution pension scheme accrual	-	64	-	46
Accruals and deferred income	5,265	5,181	1,206	952
	<u>7,996</u>	<u>7,767</u>	<u>8,977</u>	<u>6,846</u>

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2018 £000	Liabilities 2017 £000	Assets 2018 £000	Assets 2017 £000
Group				
Accelerated capital allowances	-	-	8	8
Other timing differences	-	-	14	4
	<u>-</u>	<u>-</u>	<u>22</u>	<u>12</u>

18 Retirement benefit schemes

	2018 £000	2017 £000
Defined contribution schemes		
Group charge to profit or loss in respect of defined contribution schemes	<u>696</u>	<u>683</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Share capital

	Group and company	
	2018	2017
	£000	£000
Ordinary share capital		
Issued and fully paid		
11,614,610 ordinary shares of 10p each	1,161	1,161

20 Share premium account

The share premium reserve contains the premium arising on issue of equity shares.

21 Profit and loss reserves

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

22 Financial commitments, guarantees and contingent liabilities

The company is party to a group VAT registration and is therefore jointly and severally liable for the total amounts due to HM Revenue and Customs by all group companies included within that registration. At 31 December 2018 £476k was due (2017: £543k) and payable by NSF Safety and Quality UK Limited. This is included within VAT in note 18.

Audit exemption

NSF Safety and Quality UK Limited has given statutory guarantees against all the outstanding liabilities of the below listed wholly-owned subsidiaries, all registered in England and Wales, at 31 December 2018 under Section 479A of the Companies Act 2006, thereby allowing these subsidiaries to be exempt from the annual audit requirement for the year ended 31 December 2018.

Although the company does not anticipate the guarantees to be called upon, the book values of the guaranteed liabilities, excluding intercompany balances, for each relevant subsidiary at 31 December 2018 are set out below:

	2018 £000	2017 £000
Integra Food Secure Limited (Registered number 03716746)	-	63
	<u>-</u>	<u>63</u>

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

23 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Within one year	538	519	471	480
Between two and five years	970	577	885	551
In over five years	30	24	30	17
	<u>1,538</u>	<u>1,120</u>	<u>1,386</u>	<u>1,048</u>

24 Related party transactions

The group and company are taking advantage of the exemption available under section 33.1a of FRS102 not to disclose related party transactions with other members of the NSF International group.

During the year the following transactions took place with NSF Italy SRL a company in which NSF Certification has a 50% interest in. Sales of £236k (2017: £nil) and purchases of £2k (2017: £nil).

25 Directors' transactions

There were no transactions with directors other than the remuneration disclosed in note 7.

26 Controlling party

The immediate parent of NSF Safety and Quality UK Limited is NSF International UK Limited, a company registered in England and Wales.

The smallest group for which consolidated financial statements are published is headed by NSF Safety and Quality UK limited.

The company has taken advantage of the exemption in FRS 102, Section 33.1a from disclosing transactions with wholly owned subsidiaries.

The ultimate controlling party and ultimate parent company, and the largest group of companies for which consolidated financial statements are available, is NSF International, a not for profit corporation chartered under the laws of the state of Michigan, USA. The registered address is:

NSF International,
789 North Dixboro Road
Ann Arbor
MI 48105
USA

NSF SAFETY & QUALITY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

27 Cash generated from group operations

	2018	2017
	£000	£000
Operating Loss for the year after tax	(802)	(999)
Adjustments for:		
Group relief charged	169	-
Amortisation and impairment of intangible assets	84	98
Depreciation and impairment of tangible fixed assets	228	235
Movements in working capital:		
Decrease in stocks	7	12
(Increase) in debtors	(302)	(54)
Increase/(decrease) in creditors	229	(477)
Cash absorbed by operations	<u>(387)</u>	<u>(1,185)</u>