

Concept Life Sciences Analytical & Development Services Limited
Annual report and financial statements
for the year ended 31 December 2019

Registered number: 02514788

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Concept Life Sciences Analytical & Development Services Limited

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Concept Life Sciences Analytical & Development Services Limited

Company information

The board of Directors	MJ Hanson M Carnegie-Brown
Principal place of business	Units 1-2 The Links Trafalgar Way Bar Hill Cambridgeshire CB23 8UD
Registered office	Heritage House Church Road Egham TW20 9QD
Auditor	Deloitte LLP Statutory Auditor 2 Hardman Street Manchester M3 3HF United Kingdom
Bankers	NatWest Bank plc 55 Bishopsgate London EC2M 4AA

Concept Life Sciences Analytical & Development Services Limited

Strategic report

The Directors, in preparing this strategic report, have complied with s414(c) of the Companies Act 2006.

Principal activity

The principal activities of Concept Life Sciences Analytical & Development Services Limited (the “Company”) are the provision of accredited analytical services across the environmental, food, safety, petrochemical and manufacturing sectors.

Business environment

The Company services growing markets which are driven by population growth, economic growth and the increasing legislation and regulations required to support corporate compliance and protection of the health and safety of individuals.

Principal risks and uncertainties

The Directors believe the following are the principal risks and uncertainties impacting the Company:

Legislative risk

The sectors the Company operates in are subject to a high level of regulatory change and testing requirements which need to be monitored to ensure services are fully compliant. This is mitigated by rigorous monitoring and compliance procedures.

Political and environmental risks

Management have performed a review to ascertain any potential risks relating to Brexit. Although there is uncertainty as to how Brexit risks may materialise, we have identified a number of potential risk areas including customer service and supply chain, potential impact of tariffs, sector performance, employees and mobility and regulatory environment. The most critical risk area pertains to regulation. Assurances have been received that our regulatory body The United Kingdom Accreditation Service (UKAS) will continue to be recognised by the relevant European and international accreditation services. Although we are now aware that Brexit will occur, there is, as yet, no further clarity on regulatory impacts post the transition period. In respect of other lower impact risk areas such as supply chain, mitigating actions have been defined and implementation will be undertaken where there is a potential for an adverse impact.

Competitive risks

Customers currently outsource analytical testing but could develop their own in-house analytical testing capabilities. This risk is mitigated by providing a cost-effective problem-solving solution to add value for customers. The expertise of the scientific and research teams is a significant factor in retaining customers.

Financial instruments risk

The Company is exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk. The Company manages these risks by financing its operations through retained profits, supplemented by funding provided by its parent undertaking where needed. The management objectives are to retain sufficient liquid funds to enable the Company to meet its day to day requirements, with the future cash flows expected to arise from the Company's trading activities. Where funds are not sufficient, support is provided by Spectris plc who operate the Group Treasury function.

The Company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Credit risk is the risk that one party to a financial instrument will cause a financial loss to another party by failing to discharge an obligation. The Company assesses the risk of contracting with each customer and sets credit limits which are carefully monitored. If a significant risk is identified credit facilities are withdrawn and transactions are carried out on a cash basis. If a key customer was significantly affected by a difficult trading environment this would have a

Concept Life Sciences Analytical & Development Services Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

short-term impact on the Company. The Directors continue to endeavor to manage these risks and uncertainties to the extent possible within the business.

Key performance indicators

We monitor performance through the production of budgets, forecasts and monthly management information. The key performance indicators of the business are considered to be revenue and (loss)/profit before taxation as disclosed in the income statement.

Business performance

Revenue during the year ended 31 December 2019 decreased by 20% to £15,654,832 from £19,569,671 in 2018 with trading decreasing primarily as a result of the increased competition in the market and the closure of the ADS Environmental business in September 2019.

The loss for the year, before taxation, of Concept Life Sciences Analytical & Development Services Limited amounted to £14,855,055 (2018: loss £9,007,790). The result has been adversely impacted by increasing direct costs and pressure on selling prices particularly within the ADS Environmental business. This significant downwards pressure on margins with no significant prospect of reducing overheads whilst still maintaining the same operational structure resulted in a number of actions.

On 25 May 2019 the laboratory site at Moy, Northern Ireland was exited. The associated investment in SAL Laboratories Limited was fully impaired in the prior year when a charge of £346,313 was recognised.

On 30 July 2019, the ultimate parent undertaking, Spectris plc, announced its decision to exit the ADS Environmental business, which is included within Concept Life Sciences Analytical & Development Services Limited. A consultation process commenced which resulted in the decision to close the ADS Environmental business and associated laboratory sites at Manchester, Braintree and East Kilbride. As the Braintree site was closed in the year, an impairment of goodwill relating to this site was also fully impaired resulting in a charge of £184,602. A charge for cash exit costs relating to staff redundancies, onerous lease and property provisions, impairment of inventory, property, plant and equipment, decommissioning and other site closure costs, bad debt charges and consultancy fees amounting to £9,180,478, along with an impairment charge of £1,140,665 for intercompany receivables no longer considered recoverable, have been recognised in the 31 December 2019 financial statements as an exceptional item. The loss for the year, before taxation, of the discontinued operations amounted to £14,419,577 (2018: loss £10,219,672).

The ADS Food business included within Concept Life Sciences Analytical & Development Services Limited is not impacted by the closure decision and has the support of its ultimate parent undertaking, Spectris plc, notwithstanding its current loss-making position. The loss for the year, before taxation, of the Food business amounted to £435,478 (2018: profit £1,211,882). The result has been adversely impacted by increased direct costs and full absorption of continuing overheads after the closure of other sites.

Future developments

The continuing ADS business consists of the Bradford and Cambridge sites. The ADS Food business, which consists of the Cambridge site, has been identified as profitable and within a growing market segment and we expect this business to grow in 2020.

The future potential impact of the COVID-19 pandemic on the Company is not yet known but may be significant. While the Company cannot currently quantify what the effects might be, it continues to monitor the pandemic and its impact, to ensure appropriate actions can be taken to mitigate risks to the Company.

Concept Life Sciences Analytical & Development Services Limited

Strategic report (continued)

Post statement of financial position date events

Contagious diseases can have an adverse effect on the Company's business, financial condition and results of operations. There is currently a COVID-19 coronavirus pandemic across the world. Governments are taking a number of steps to mitigate the impact of this pandemic, including implementing quarantines. Many people have contracted the disease across the world and many deaths have occurred. It is not clear for how long this pandemic will last or how much more extensive it will become, or the further measures that will be taken by governments and others to seek to control this pandemic and its impact.

Since the outbreak of the COVID-19 coronavirus pandemic, the Company has taken a number of responsive measures including reducing site operational levels and introducing new cleaning regimes, safe working distance measures and protective equipment for its employees. A significant proportion of the Company's employees are working from home. Some short term impact on sales volume has been noted across the continuing business services, however, those volumes have begun to pick up at the half year point. While the Company is liaising closely with its customers and suppliers to understand any changes in requirements and priorities during this time, the uncertainties surrounding the development of this pandemic make it difficult to predict the extent to which the Company may be affected.

Approved by the Board and signed on its behalf by:



MJ Hanson

Director

13 August 2020

Concept Life Sciences Analytical & Development Services Limited

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2019.

Matters such as the principal activity, business environment, principal risks and uncertainties, key performance indicators, business performance and future developments of the business are disclosed in the strategic report.

Results and dividends

The loss for the year, after taxation, is highlighted on page 13. The Directors do not recommend the payment of a dividend (2018: nil).

Research and development

The Company's activities result in the undertaking of research and development on behalf of its customer base. Additionally, the Company engages in internal research and development by developing its service offerings for customers.

Future developments

Details of future developments can be found in the strategic report and form part of this report by cross-reference.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

Diversity, equality and inclusion

We recruit, develop and promote our people based on their talent, commitment and achievement. We make every effort to ensure that everyone is treated equally and fairly regardless of race, colour, religion, national origin, gender, sexual orientation, age or background or disability, and we have a zero-tolerance policy towards discrimination or harassment in any form. If an employee becomes disabled every effort is made to retain them and, if necessary, re-train them for appropriate roles or alter their working environment.

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through the newsletter in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Directors

The Directors who served the Company during the year and thereafter, unless otherwise stated, were as follows:

P McCluskey	(resigned 31 December 2019)
JW Handley	(resigned 10 September 2019)
MJ Hanson	(appointed 5 August 2019)
M Carnegie-Brown	(appointed 5 August 2019)

The Directors ensure that they comply with their duty to promote the success of the Company for the benefit of its members by ensuring frequent dialogue with Spectris Plc and by ensuring compliance with group wide policies.

Concept Life Sciences Analytical & Development Services Limited

Directors' report (continued)

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them has been passed in accordance with s485 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



MJ Hanson

Director
13 August 2020

Concept Life Sciences Analytical & Development Services Limited

Directors' responsibilities statement

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 101 Reduced Disclosure Framework. 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Concept Life Sciences Analytical & Development Services Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPT LIFE SCIENCES ANALYTICAL & DEVELOPMENT SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Concept Life Sciences Analytical & Development Services Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of changes in equity;
- the statement of financial position; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 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 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.

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.

Concept Life Sciences Analytical & Development Services Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPT LIFE SCIENCES ANALYTICAL & DEVELOPMENT SERVICES LIMITED (continued)

Other information (continued)

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 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.

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

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 Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Concept Life Sciences Analytical & Development Services Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPT LIFE SCIENCES ANALYTICAL & DEVELOPMENT SERVICES LIMITED (continued)

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, 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.

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.

Scott Bayne (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

13 August 2020

Concept Life Sciences Analytical & Development Services Limited

Income statement

For the year ended 31 December 2019

	Note	2019 Continuing operations £	2019 Discontinued operations £	2019 Total £	2018 Continuing operations £	2018 Discontinued operations £	2018 Total £
Revenue	2	8,576,547	7,078,285	15,654,832	8,210,246	11,359,425	19,569,671
Cost of sales		(5,450,341)	(6,383,410)	(11,833,751)	(4,854,481)	(8,200,684)	(13,055,165)
Gross profit		3,126,206	694,875	3,821,081	3,355,765	3,158,741	6,514,506
Distribution costs		(263,919)	(377,263)	(641,182)	(139,316)	(904,871)	(1,044,187)
Administrative expenses		(3,217,812)	(14,352,847)	(17,570,659)	(2,043,172)	(11,987,142)	(14,030,314)
Administrative expenses excluding exceptional items		(3,217,812)	(4,031,704)	(7,249,516)	(2,043,172)	(6,017,152)	(8,060,324)
Exceptional items	3	-	(10,321,143)	(10,321,143)	-	(5,969,990)	(5,969,990)
Other operating income		20,295	-	20,295	45,000	-	45,000
Impairment of goodwill	9	-	(184,602)	(184,602)	-	-	-
Operating (loss)/profit	4	(335,230)	(14,219,837)	(14,555,067)	1,218,277	(9,733,272)	(8,514,995)
Impairment of investment in subsidiary		-	-	-	-	(346,313)	(346,313)
Interest payable and similar expenses	7	(100,248)	(199,740)	(299,988)	(6,395)	(140,087)	(146,482)
(Loss)/profit before taxation		(435,478)	(14,419,577)	(14,855,055)	1,211,882	(10,219,672)	(9,007,790)
Tax credit on loss	8	46,283	2,478,356	2,524,639	26,075	580,318	606,393
(Loss)/profit for the financial year		(389,195)	(11,941,221)	(12,330,416)	1,237,957	(9,639,354)	(8,401,397)

There were no items of other comprehensive income in the current or prior year other than the loss shown above. No separate statement of total comprehensive income has therefore been presented.

Notes to the financial statements are on pages 16 to 35.

Concept Life Sciences Analytical & Development Services Limited

Statement of changes in equity

For the year ended 31 December 2019

	Called-up share capital £	Share premium £	Profit and loss account £	Total equity £
As at 1 January 2018	47,738	428,502	5,756,360	6,232,600
Movement in share capital	(280)	-	-	(280)
Total comprehensive loss for the year	-	-	(8,401,397)	(8,401,397)
As at 31 December 2018	47,458	428,502	(2,645,037)	(2,169,077)
Adoption of IFRS 16, net of tax	-	-	(109,099)	(109,099)
As at 1 January 2019 (restated)	47,458	428,502	(2,754,136)	(2,278,176)
Total comprehensive loss for the year	-	-	(12,330,416)	(12,330,416)
As at 31 December 2019	47,458	428,502	(15,084,552)	(14,608,592)

Concept Life Sciences Analytical & Development Services Limited

Statement of financial position

As at 31 December 2019

	Note	2019 £	£	2018 £	£
Non current assets					
Intangible assets	9		2		184,604
Property, plant and equipment	10		3,835,570		5,276,670
Investments in subsidiaries	11		-		-
Deferred tax assets	16		722,468		263,625
			<u>4,558,040</u>		<u>5,724,899</u>
Current assets					
Inventories	12	475,287		1,383,273	
Trade and other receivables	13	4,568,285		6,879,162	
Cash at bank and in hand		<u>414,618</u>		<u>384,471</u>	
		5,458,190		8,646,906	
Current liabilities					
Trade and other payables	14	(19,841,279)		(15,797,366)	
Lease liabilities	20	(601,669)		-	
Government grants	18	-		(45,926)	
		<u>(20,442,948)</u>		<u>(15,843,292)</u>	
Net current liabilities			<u>(14,984,758)</u>		<u>(7,196,386)</u>
Total assets less current liabilities			<u>(10,426,718)</u>		<u>(1,471,487)</u>
Non current liabilities					
Trade and other payables due after one year	15	-		(411,590)	
Lease liabilities	20	(2,208,936)		-	
Other provisions	17	(1,972,938)		(286,000)	
			<u>(4,181,874)</u>		<u>(697,590)</u>
Net liabilities			<u>(14,608,592)</u>		<u>(2,169,077)</u>
Capital and reserves					
Called-up share capital	21		47,458		47,458
Share premium			428,502		428,502
Profit and loss account			<u>(15,084,552)</u>		<u>(2,645,037)</u>
Shareholders' deficit			<u>(14,608,592)</u>		<u>(2,169,077)</u>

Registered number: 02514788

The financial statements of Concept Life Sciences Analytical & Development Services Limited were approved by the board of Directors and authorised for issue on 13 August 2020. They were signed on its behalf by:

MJ Hanson

Director



Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies

Concept Life Sciences Analytical & Development Services Limited (the “Company”) is a Company incorporated and domiciled in England in the UK. The registered address is One St Peter’s Square, Manchester, M2 3DE. The Company is a private Company and is limited by shares.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, Spectris plc includes the Company in its consolidated financial statements. The consolidated financial statements of Spectris plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and are available to the public as set out in note 23.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosure in respect of capital management;
- Impairment of assets;
- Presentation of comparative information in respect of certain assets; and
- The effect of new but not yet effective IFRSs.

As the consolidated financial statements of Spectris plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 share-based payments in respect of group settled share-based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis.

These financial statements are presented in pounds sterling.

New standards effective in the year

New standards effective in the year are Annual improvements to IFRS Standards 2015-2017 Cycle, amendments to IAS 19 and 28, and amendments to IFRS 9.

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

New standards and interpretations adopted

IFRS 16 'Leases'

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. The date of initial application of IFRS 16 for the Company is 1 January 2019.

IFRS 16 provides a single model for lessees which recognises a right-of-use asset and a lease liability for all leases, with exceptions available for short-term and low-value leases. The impact of IFRS 16 is to recognise a lease liability and a corresponding asset in the statement of financial position for leases previously classified as operating leases. The most significant impact has been that the Company's land, building and car leases are now recognised in the statement of financial position. Previously rentals payable under operating leases were not recognised in the statement of financial position and were charged to the income statement on a straight-line basis over the term of the relevant lease.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangement in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise: fixed lease payments (including in substance fixed payments), less any lease incentives; variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; the amount expected to be payable by the lessee under residual value guarantees; the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 (see note 17).

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever: the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or a lease contract is modified, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Approach to transition

The Company has applied IFRS 16 using the modified retrospective approach, without restatement of the comparative information. In respect of those leases the Company previously treated as operating leases, the Company has elected to measure its right of use assets using the approach set out in IFRS 16.C8(b)(i). Under IFRS 16.C8(b)(i) right of use

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

assets are calculated as if the Standard applied at lease commencement, but discounted using the borrowing rate at the date of initial application.

The Company has applied the practical expedients available in IFRS 16 for excluding low-value assets and short-term leases from the requirements of the standard and right-of-use assets have been adjusted by the carrying amount of onerous lease provisions at 31 December 2019 instead of performing impairment reviews under IAS 36.

The impacts of the adoption of IFRS 16 at 1 January 2019 were: a decrease in profit and loss reserve of £109,099, an increase in property, plant and equipment of £3,430,762, an increase in lease liabilities of £4,213,979, a decrease in other payables (obligations under hire purchase contracts) of £651,615 and an increase in deferred tax assets of £22,503. In 2019, the Company incurred a finance charge of £152,638, reflecting the unwinding of discount on lease liabilities, with depreciation of £762,549 on right-of-use assets. These items effectively replace the operating lease rentals previously charged to profit before taxation under IAS 17 'Leases'. For the year ended 31 December 2018, operating lease rentals charged to profit before tax amounted to £837,984. The lease liabilities recognised at 1 January 2019 are £6,954 lower than the total operating lease commitments of £4,220,933 disclosed in the Annual Report and Accounts for 2018, which were prepared under IAS 17. The reasons for the differences are set out in the table below. The right-of-use assets are shown within property, plant and equipment and the lease liabilities are presented in a separate category in the statement of financial position.

The Company's weighted average incremental borrowing rate applied to lease liabilities as at 1 January 2019 is 3.5%.

The key judgements in applying IFRS 16 for the Company are: the selection of discount rates and determining whether lease extension and termination options included in the contract are reasonably certain to be exercised.

The table below presents a reconciliation from operating lease commitments disclosed at 31 December 2018 to lease liabilities recognised at 1 January 2019.

	£
Operating lease commitments disclosed under IAS 17 at 31 December 2018	4,220,933
Short-term and low value lease commitments straight-line expensed under IFRS 16	(230,732)
Effect of discounting	(427,837)
Finance lease liabilities recognised under IAS 17 at 31 December 2018	651,615
Lease liabilities recognised at 1 January 2019	<u>4,213,979</u>

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the Company's financial statements.

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's business activities, together with the factors likely to affect its future development, position and strategy, are set out in the strategic report on pages 4 to 6.

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

Going concern

The Directors are required to satisfy themselves as to whether the financial statements of the Company should be prepared on the going concern basis. As part of the ongoing duties and activities of the Board there is continual assessment of the Company's financial and commercial performance. This review considers business risks and uncertainties that exist and takes account of how wider economic circumstances can impact these, including due consideration and assessment of potentially adverse and testing situations. The Board looks forward and appropriate forecasts of financial performance and assessments of future business opportunities and challenges are regularly made.

On 30 July 2019, the ultimate parent undertaking, Spectris plc, announced its decision to exit the ADS Environmental business, which is included within Concept Life Sciences Analytical & Development Services Limited. A consultation process commenced which resulted in the decision to close the ADS Environmental business and associated laboratory sites. This resulted in a charge for cash exit costs relating to staff redundancies, onerous leases, impairment of property, plant and equipment, decommissioning costs and consultancy fees being recognised in the 31 December 2019 financial statements.

The ADS Food business, which is also included within Concept Life Sciences Analytical & Development Services Limited, is not impacted by the closure decision and has the support of its ultimate parent undertaking, Spectris plc.

The Company's continuing business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report. Based on the Company's financial projections for the period of 12 months from the date of signing of these financial statements and subject to any unquantified impacts of the ADS Environmental closure, the Directors believe that the Company is well placed to manage its business risks successfully.

The ultimate parent company, Spectris plc, has indicated in writing that, for at least 12 months from the date of approval of these financial statements, it will continue to make available funds as are needed by the Company to meet its liabilities as they fall due and in particular will not seek repayment of amounts currently made available. While there remains significant uncertainty as to the future impact of the COVID-19 pandemic, the Company and its ultimate parent entity Spectris plc continue to conduct ongoing risk assessments of the potential impact of the pandemic on its business operations and liquidity. Having undertaken assessments, the Directors consider that the Company will be able to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Revenue

Revenue is measured based on the fair value of the consideration specified in a contract with a customer and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

The Company recognises revenue when it transfers control of a service to a customer.

- If the transfer of control can be reliably measured by reference to completion of the specific performance obligation, the revenue associated with the component will be recognised. As a result, the revenue for all transactions which can be estimated on a reliable basis corresponds to the revenue agreed in the contract, adjusted by the stage of completion of the work performed.
- If the outcome of a transaction involving the rendering of services cannot be measured reliably, revenue will only be recognised to the extent of the incurred expenses as long as they are deemed to be recoverable.

Revenue is recognised over time based on the stage of completion of analysis. The stage of completion of an analysis or piece of research work is determined by the services performed to date as a percentage of the total analysis or research work to be performed.

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

Research and development

Research expenditure is expensed as incurred. Development expenditure is also written off, except where the technical and commercial feasibility of the project has been demonstrated, the future economic benefits are probable, the Company has an intention and ability to complete and use or sell the asset and the costs can be measured reliably. In such cases, the identifiable expenditure is capitalised and amortised over the period during which the Company is expected to benefit. Provision is made for any impairment.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset.

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost represents purchase price together with any incidental costs of acquisition. Where parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items of property, plant and equipment.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold improvements	20% reducing balance
Plant and machinery	20% reducing balance
Fixtures and fittings	20% reducing balance
Lab equipment	15 years straight line

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at historical cost less provisions for impairment losses.

Inventories

Raw materials are stated at the lower amount between cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and includes expenditure incurred in acquiring the inventories, production or conversion costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Pension costs

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences in respect of the initial recognition of assets and liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Trade and other receivables

Adjustments made to revenue to ensure that revenue is recognised in line with the percentage completion are recorded as amounts recoverable on contracts within receivables.

Trade receivables are recognised at amortised cost less impairment losses. A provision impairment of receivables is based on lifetime expected credit losses. Lifetime expected credit losses are calculated by assessing historic credit loss experience, adjusted for factors specific to the receivable. The movement in the provision is recognised in the income statement.

Trade and other payables

Trade and other payables are non-interest-bearing and are stated at their cost.

Provisions

A provision is recognised in the statement of financial position when the Company has a present, legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably.

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and are transferred to the income statement on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Interest payable and similar expenses

Interest payable and similar expenses comprise interest payable on bank borrowings, interest on unwinding of discount factor on lease liabilities. Interest payable and similar expenses are recognised in the income statement on an effective interest method.

Interest receivable and similar income

Interest receivable and similar income comprise interest receivable on funds invested. Interest receivable is recognised in the income statement on an effective interest method.

Exceptional items

Exceptional items are those items that are unusual because of their size, nature or incidence, or that the Directors consider should be disclosed separately to enable a full understanding of the Company's results. Exceptional items have been presented separately on the face of the income statement. The Directors consider that this presentation gives a more accurate presentation of the results of the Company.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Assessing whether or not property, plant and equipment are impaired requires a degree of estimation. These estimates are in the form of revenue projections. Impairment reviews are carried out at least annually or if there is any reason to indicate potential impairment. Impairment reviews for revenue generating assets are considered in relation to the revenues generated and the future cash flows expected for that asset. Impairment reviews for non-revenue generating assets are based upon physical inspection of the asset. The future cash flows which are based upon forecasts are dependent upon management estimates. Impairment reviews are performed on an asset by asset basis and management have concluded that the future cash flows of each asset are sufficient to support its carrying value.

The estimation of the impairment charges and the closure provision in the current year involves a level of judgement, specifically with regards to the value remaining in assets, potential dilapidations required and the costs associated with empty properties as the level of provision is dependent upon the period of time the liability remains with the Company. The liability is with the Company unless and until an agreement can be made with the landlord. This factor is outside of the Company's control and judgement is based on contractual and legal commitments or, where costs are not readily available, this is based on past experience of site closures.

The Directors do not consider that the Company has any further judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Revenue

The revenue is attributable to the one principal activity of the Company. All revenue arises from services rendered.

An analysis of revenue is given below:

	2019 Continuing operations £	2019 Discontinued operations £	2019 Total £	2018 Total £
United Kingdom	7,369,551	6,630,717	14,000,268	17,032,774
Rest of the World	1,206,996	447,568	1,654,564	2,536,897
	<u>8,576,547</u>	<u>7,078,285</u>	<u>15,654,832</u>	<u>19,569,671</u>

3. Exceptional items

	2019 Discontinued operations £	2018 £
Redundancy and related costs	1,764,604	-
Property and related provisions	1,044,139	-
Inventory impairments	902,790	-
Impairment of property, plant, equipment and onerous leases	3,680,143	-
Other closure costs	1,143,423	-
Site decommissioning costs	435,267	-
Bad debt write off	210,112	-
Impairment of intercompany receivables	1,140,665	5,969,990
	<u>10,321,143</u>	<u>5,969,990</u>

On 30 July 2019, the ultimate parent undertaking, Spectris plc, announced its decision to exit the ADS Environmental business, which is included within Concept Life Sciences Analytical & Development Services Limited. The exceptional items in the current year relate to the closure of the ADS Environmental business and impairment of intercompany receivables no longer considered recoverable due to the liquidity of the relevant undertakings to repay the financial liabilities based on the current organisational structure.

The exceptional item in the prior year relates to the impairment of intercompany receivables which were no longer considered recoverable due to the liquidity of the relevant undertakings to repay the financial liabilities based on the organisational structure at that time.

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

4. Operating loss

Operating loss is stated after (crediting)/charging:

	2019 Continuing operations £	2019 Discontinued operations £	2019 Total £	2018 £
Amortisation of government grants re property, plant and equipment	-	(45,926)	(45,926)	(6,560)
Research and development	375,000	-	375,000	409,091
Impairment of goodwill	-	184,602	184,602	67,130
Inventory expensed in the year	1,998,230	814,572	2,812,802	5,438,288
Depreciation of property, plant and equipment	620,642	561,714	1,182,356	1,011,204
Depreciation of property, plant and equipment – right of use assets	290,691	471,858	762,549	-
Depreciation of assets held under hire purchase agreements	-	-	-	189,455
Operating lease costs:				
- plant and machinery	-	-	-	300,014
- land and buildings	-	-	-	537,970
Expenses relating to short term and low-value leases	29,130	54,873	84,003	-
Net loss on foreign currency translation	2,216	13,337	15,553	22,320
Auditor's remuneration - auditing of the financial statements	20,000	20,000	40,000	32,500

No disclosure of non-audit fees is included as these are disclosed on a group basis in the Spectris plc financial statements.

5. Employee information

The average monthly number of staff employed by the Company including Directors during the financial year amounted to:

	2019 No.	2018 No.
Operational	267	343
Sales	5	8
Tech Staff	16	17
Administration	34	56
	<u>322</u>	<u>424</u>

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

5. Employee information (continued)

The aggregate payroll costs of the above were:

	2019 Continuing operations £	2019 Discontinued operations £	2019 Total £	2018 £
Wages and salaries	2,984,874	5,216,488	8,201,362	9,385,697
Social security costs	191,996	264,843	456,839	664,165
Other pension costs	65,203	83,554	148,757	153,866
	<u>3,242,073</u>	<u>5,564,885</u>	<u>8,806,958</u>	<u>10,203,728</u>

6. Directors' remuneration

The Directors' aggregate remuneration in respect of qualifying services was:

	2019 £	2018 £
Remuneration receivable	<u>-</u>	<u>36,268</u>

The Directors of the Company were remunerated by Concept Life Sciences (Midco) Limited. It is not practicable to allocate their remuneration between their services to group companies.

7. Interest payable and similar expenses

	2019 Continuing operations £	2019 Discontinued operations £	2019 Total £	2018 Total £
Interest payable on bank loans and overdrafts	1,785	-	1,785	2,884
Interest to other group companies	138,759	-	138,759	102,954
Other interest	6,806	-	6,806	-
Interest on hire purchase agreements	-	-	-	40,644
Interest on lease liabilities	87,900	64,738	152,638	-
	<u>235,250</u>	<u>64,738</u>	<u>299,988</u>	<u>146,482</u>

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

8. Tax credit on loss

The tax credit in the income statement comprises:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Current tax		
UK corporation tax	(2,354,763)	(567,919)
Adjustments in respect of prior years	266,464	124,312
Total current tax credit	<u>(2,088,299)</u>	<u>(443,607)</u>
Deferred tax		
Origination and reversal of timing differences	(187,818)	48,061
Adjustments in respect of prior years	(248,522)	(210,847)
Total deferred tax credit	<u>(436,340)</u>	<u>(162,786)</u>
Total tax credit on loss	<u><u>(2,524,639)</u></u>	<u><u>(606,393)</u></u>

The differences between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax are as follows:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Loss before taxation	(14,855,055)	(9,007,790)
Tax credit on loss at the standard UK corporation tax rate of 19% (2018: 19%)	(2,822,460)	(1,711,480)
Effects of:		
Non-taxable income and gains	-	(21,285)
Non-deductible expenditure	257,783	1,218,561
Other current year items	22,096	(5,654)
Adjustments to prior year current and deferred tax charges	17,942	(86,535)
Total tax credit for the year	<u><u>(2,524,639)</u></u>	<u><u>(606,393)</u></u>

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

8. Tax on loss (continued)

The tax credit in the statement of changes in equity comprises:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Adoption of IFRS 16	(22,503)	-
Total tax credit to the statement of changes in equity	(22,503)	-

Change in the corporation tax rate

A reduction in the corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 15th September 2016 and reconfirmed by the Finance Act 2019. Deferred tax has been calculated based on the substantively enacted rate at 31 December 2019. Subsequent to 31 December 2019, in the Budget 2020 on 11th March 2020, it was confirmed that the planned reduction in corporation tax from 19% to 17% from 1 April 2020 would not go ahead. The impact of this 2% rate increase on the deferred tax balance at 31st December 2019 would be to increase the deferred tax asset by £84,996.

9. Intangible assets

	Goodwill £
Cost	
As at 1 January 2019 and as at 31 December 2019	671,282
Amortisation	
As at 1 January 2019	486,678
Impairment charge in the year	184,602
As at 31 December 2019	671,280
Net book value	
As at 31 December 2019	2
As at 31 December 2018	184,604

On 30 July 2019, the ultimate parent undertaking, Spectris plc, announced its decision to exit the ADS Environmental business, which is included within Concept Life Sciences Analytical & Development Services Limited. As a result of the closure of the ADS Environmental laboratory at Braintree, the intangible asset relating to goodwill from the Braintree site has been fully impaired to nil net book value.

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

10. Property, plant and equipment

	Short leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Plant and equipment - Right of use £	Property – Right of use £	Total £
Cost						
As at 31 December 2018	1,160,611	13,053,855	3,544,499	-	-	17,758,965
Adoption of IFRS 16	-	(1,243,490)	(115,436)	4,540,712	1,762,553	4,944,339
Adjusted at 1 January 2019	1,160,611	11,810,365	3,429,063	4,540,712	1,762,553	22,703,304
Additions	-	626,500	108,121	31,127	16,653	782,401
Disposals	-	(8,468,371)	(2,932,917)	(1,996,692)	(963,268)	(14,361,248)
As at 31 December 2019	1,160,611	3,968,494	604,267	2,575,147	815,938	9,124,457
Depreciation						
As at 31 December 2018	861,081	9,094,024	2,527,190	-	-	12,482,295
Adoption of IFRS 16	-	(547,204)	(22,599)	1,769,959	313,421	1,513,577
Adjusted at 1 January 2019	861,081	8,546,820	2,504,591	1,769,959	313,421	13,995,872
Charge for the year	82,870	546,620	552,866	378,108	384,441	1,944,905
Disposals	-	(6,845,139)	(2,724,053)	(849,246)	(233,452)	(10,651,890)
As at 31 December 2019	943,951	2,248,301	333,404	1,298,821	464,410	5,288,887
Net book value						
As at 31 December 2019	216,660	1,720,193	270,863	1,276,326	351,528	3,835,570
As at 31 December 2018	299,530	3,959,831	1,017,309	-	-	5,276,670

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

11. Investments in subsidiaries

	£
Cost	
As at 1 January 2019 and as at 31 December 2019	552,999
Impairment	
As at 1 January 2019 and as at 31 December 2019	552,999
Net book value	
As at 31 December 2018 and as at 31 December 2019	-

The impairment during the prior year was as a result of the reduced performance of the laboratory site in Northern Ireland. This site was subsequently exited on 25 May 2019.

The Company holds 100% of the issued share capital of the following companies:

	Country of incorporation	Principal activity	Class
SAL Laboratories Limited	Northern Ireland	Dormant	Ordinary
SAL Food Limited	England and Wales	Dormant	Ordinary
Scientific Analysis Laboratories Limited	England and Wales	Active non-trading	Ordinary

All subsidiaries are registered in the United Kingdom. The registered office for SAL Food Limited and Scientific Analysis Laboratories Limited is One St Peter's Square, Manchester, M2 3DE. The registered office for SAL Laboratories Limited is 69a Killyman Street, Moy, Co Tyrone, BT71 1EA.

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

12. Inventories

	2019 £	2018 £
Raw materials	475,287	1,186,231
Work in progress	-	197,042
	<u>475,287</u>	<u>1,383,273</u>

The cost of inventory recognised as an expense and included in cost of sales for the year ended 31 December 2019 was £2,812,802 (2018: £3,223,423).

13. Receivables

	2019 £	2018 £
Trade receivables	1,857,595	4,073,653
Amounts owed by fellow subsidiaries	-	1,458,457
Corporation tax – due from group relief	2,354,763	362,547
R&D credit receivable	91,033	142,252
Other receivables	-	3,140
Prepayments	264,894	725,227
Accrued income	-	113,886
	<u>4,568,285</u>	<u>6,879,162</u>

Amounts owed by fellow subsidiary undertakings have been fully impaired in the period.

14. Trade and other payables

	2019 £	2018 £
Obligations under hire purchase contracts	-	250,534
Trade payables	579,715	2,640,235
Loan owed to parent undertaking	7,858,728	4,329,288
Amounts owed to parent undertaking	3,744,829	173,813
Amounts owed to fellow subsidiaries	6,569,814	7,507,039
Other taxes and social security	402,002	510,596
Accruals and deferred income	686,191	385,861
	<u>19,841,279</u>	<u>15,797,366</u>

Loans owed to parent undertakings accrue interest daily at three-month LIBOR plus 2.0%. There is no maturity date. Amounts owed to fellow subsidiary undertakings are repayable upon demand. No interest is charged and they are not secured.

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

14. Trade and other payables (continued)

The following liabilities disclosed under creditors falling due within one year are secured by the Company:

	2019 £	2018 £
Hire purchase agreements	-	250,534

Hire purchase agreements are secured on the assets so financed.

15. Trade and other payables due after more than one year

	2019 £	2018 £
Other payables	-	10,509
Hire purchase agreements	-	401,081
	-	411,590

The following liabilities disclosed under creditors falling due after more than one year are secured by the Company:

	2019 £	2018 £
Hire purchase contracts	-	401,081

Hire purchase agreements are secured on the assets so financed.

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

15. Trade and other payables due after more than one year (continued)

The Company's liabilities under hire purchase agreements are analysed under IAS 17 as follows:

	Minimum lease payments 2018 £	Present value of minimum lease payments 2018 £
Amounts payable under hire purchase agreements:		
Within one year	293,957	250,534
In the second to fifth years inclusive	399,401	401,081
	<u>693,358</u>	<u>651,615</u>

The finance leases are either 3 or 5 years. For the year ended 31 December 2018, the average effective borrowing rate was 12%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling.

16. Deferred taxation

The movement in the deferred taxation asset during the year was:

	2019 £	2018 £
As at 1 January 2019	263,625	100,839
Income statement movement arising during the year	436,340	162,786
Deferred tax on adoption of IFRS 16 recognised directly in the statement of changes in equity	22,503	-
As at 31 December 2019	<u>722,468</u>	<u>263,625</u>

The deferred taxation asset consists of the tax effect of timing differences in respect of:

	2019 £	2018 £
Temporary differences relating to tangible assets	702,693	257,426
Temporary differences relating to other items	19,775	6,199
	<u>722,468</u>	<u>263,625</u>

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

17. Other provisions

	Closure £	Dilapidation £	Total £
At 1 January 2019	-	286,000	286,000
Charge for the year	1,845,816	(158,878)	1,686,938
As at 31 December 2019	<u>1,845,816</u>	<u>127,122</u>	<u>1,972,938</u>

The closure provision relates to the best estimates of the expected liabilities for closure costs related to the ADS Environmental business which was based out of the Manchester, East Kilbride and Braintree sites. These sites were closed during the year. The provision relates to closure costs including dilapidations, business rates on vacant properties, professional fees and other closure costs. The provision is expected to be utilised over the next five years.

The dilapidation provision relates to potential liabilities for dilapidations on leased properties at the point of exit. The provision relates to non closure sites and is expected to be utilised over the next 6 years.

18. Government grants

The movement in government grants during the year was:

	2019 £	2018 £
Received and receivable		
As at 31 December	<u>97,058</u>	<u>97,058</u>
Amortisation		
As at 1 January	51,132	44,572
Credit to income statement	<u>45,926</u>	<u>6,560</u>
As at 31 December	<u>97,058</u>	<u>51,132</u>
Net balance as at 31 December	<u>-</u>	<u>45,926</u>

19. Capital commitments

The Company has capital commitments of £nil as at 31 December 2019 (2018: £nil).

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

20. Lease liabilities

	2019 £	2018 £
Amounts falling due within one year	601,669	-
Amounts falling due after more than one year	2,208,936	-
	<u>2,810,605</u>	<u>-</u>

The disclosure as at the 31 December 2019 shows the undiscounted lease liability maturity analysis under IFRS 16.

	Property - Right of use 2019 £	Plant and equipment - Right of use 2019 £	Total 2019 £
Less than one year	508,253	191,521	699,774
Between one and five years	1,866,812	203,046	2,069,858
After more than 5 years	434,577	-	434,577
	<u>2,809,642</u>	<u>394,567</u>	<u>3,204,209</u>

The disclosure as at the 31 December 2018 shows the total commitments under non-cancellable operating leases under IAS 17.

	Land and buildings 2018 £	Plant and machinery 2018 £	Total 2018 £
Less than one year	537,970	300,014	837,984
Between one and five years	2,151,880	279,436	2,431,316
After more than 5 years	951,633	-	951,633
	<u>3,641,483</u>	<u>579,450</u>	<u>4,220,933</u>

Concept Life Sciences Analytical & Development Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

21. Called-up share capital

	2019 No.	2019 £	2018 No.	2018 £
Allotted, called-up and fully-paid				
A ordinary shares of £0.003906 each	11,116,501	43,421	11,116,501	43,421
B ordinary shares of £0.003906 each	1,033,512	4,037	1,033,512	4,037
	<u>12,150,013</u>	<u>47,458</u>	<u>12,150,013</u>	<u>47,458</u>

22. Defined contribution pension scheme

The Company operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £148,757 (2018: £153,866).

The amount owed to the scheme at the year-end was £5,410 (2018: £36,464).

23. Ultimate parent and controlling party

At 31 December 2019, Spectris plc, a Company listed on the London Stock Exchange is the ultimate controlling party by virtue of its 100% holding in the issued share capital of Concept Life Sciences (Holdings) Limited.

Spectris plc, is the largest and smallest group in which the results of the Company are consolidated. The consolidated accounts of this Company may be obtained from its' registered address at Spectris plc, Heritage House, Church Road, Egham, Surrey, TW20 9QD.

24. Post statement of financial position date events

The outbreak of the COVID-19 coronavirus was confirmed to be a global pandemic by the World Health Organisation on 11 March 2020 and only after that date did major governments, such as the UK, start taking significant mitigating steps. As such the Company considers this to be a non-adjusting post statement of financial position date event. The full impact of the COVID-19 pandemic on medium- and long-term economic activity is not yet known, although is likely to be significant. The Company notes some recovery of volume to date and continues to monitor the impact on its business, however while the uncertainty continues, the Company is not able to quantify the possible financial effect of the pandemic.