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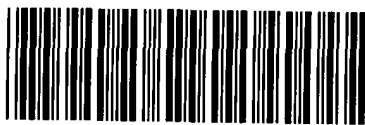
**UNITED KINGDOM ACCREDITATION SERVICE**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

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**UNITED KINGDOM ACCREDITATION SERVICE**

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**COMPANY INFORMATION**

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**Directors**

Lord Lindsay  
Paul Stennett  
Sir Duncan Nichol  
Sir Paul Judge (resigned 11 October 2016)  
Professor Michael Mainelli  
Georgia Alsop  
Jeffrey Ruddle  
Lorraine Turner  
Sarah Veale  
Jeffrey Llewellyn (appointed 11 October 2016)

**Registered number**

03076190

**Registered office**

2 Pine Trees  
Chertsey Lane  
Staines Upon Thames  
Middlesex  
TW18 3HR

**Independent auditors**

Feltons  
1 The Green  
Richmond  
Surrey  
TW9 1PL

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**UNITED KINGDOM ACCREDITATION SERVICE**

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## UNITED KINGDOM ACCREDITATION SERVICE

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

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#### Introduction

The principal activity of the Group in the year under review was that of being the sole national accreditation body recognised by government to assess, against internationally agreed standards, organisations that provide certification, testing, inspection and calibration services.

The Group is a non-profit-distributing private company, limited by guarantee. The Group is independent of Government but is appointed as a national accreditation body by Accreditation Regulations 2009 (SI No 3155/2009) and the EU Regulation (EC) 765/2008 and operates under a Memorandum of Understanding with the Government through the Secretary of State for Business, Energy and Industrial Strategy (BEIS). UKAS is licensed by BEIS to use and confer the national accreditation symbols (formerly national accreditation marks) which symbolise Government recognition of the accreditation process.

#### Business review

The results for the group are set out on page 6. These financial statements reflect the trading activities and results of both United Kingdom Accreditation Service (UKAS) and Clinical Pathology Accreditation (UK) Limited (CPA).

The Group expects to continue to grow in most areas of the business, with work in forensic laboratories and the health sector, in areas such as physiological diagnostics, spearheading this growth. Our focus remains on ensuring that we continue to create the capability to respond to the ever increasing demand for accreditation schemes by a wide range of sectors and to that end, we plan to continue to invest in the development of our infrastructure and people.

#### Principal risks and uncertainties

The Directors have applied judgements, based on expert advice, in relation to assessing the position of the Defined Benefit Pension Scheme. There are no other matters concerning financial risk which are material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

#### Financial key performance indicators

The integrated group has achieved an operating profit of £1,904,723 (2016: £1,897,109) and a group gross margin of 35.6% (2016: 38.7% restated) as explained in note 5 of the financial statements.

The financial performance this year was positive and the group continues to be profitable. In monetary terms turnover was up 10%. The group's balance sheet continues to show a healthy current ratio of current assets to short term creditors of 2.9 times (2016: 2.7 times).

#### Other key performance indicators

The group continues to report internally on a series of Key Performance Indicators such as the number of days of assessment delivered, the number of customers visited and the efficiency and effectiveness of the service. In addition to this, the company constantly surveys its customer base to ensure that the quality of service is maintained at the highest levels. The year to March 2017, the company delivered 27,229 (2016: 23,333) days of accreditation, including CPA. The directors attribute this continued growth to the effects the company's ongoing campaign to raise the awareness of the benefits of accreditation within government and amongst consumers.

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UNITED KINGDOM ACCREDITATION SERVICE

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GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017

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This report was approved by the board on **31st AUGUST 2017** and signed on its behalf.

  
Paul Stennett  
Director

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## UNITED KINGDOM ACCREDITATION SERVICE

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

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

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,628,303 (2016 - £1,480,704).

As the company is non-profit distributing, the Directors do not propose a dividend (2016: £Nil).

The directors who served during the year were:

Lord Lindsay  
Paul Stennett  
Sir Duncan Nichol  
Sir Paul Judge (resigned 11 October 2016)  
Professor Michael Mainelli  
Georgia Alsop  
Jeffrey Ruddle  
Lorraine Turner  
Sarah Veale  
Jeffrey Llewellyn (appointed 11 October 2016)

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## UNITED KINGDOM ACCREDITATION SERVICE

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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#### Future developments

The transition of Clinical Pathology Accreditation customers to UKAS accreditation, under ISO15189, the international standard for medical laboratories started in 2014, continues to make good progress with more than 65% of laboratories assessed. A key strategic priority in 2016/17 was the reorganisation of our Operations teams in order to create a structure that more closely matched that of our customers rather than UKAS being organised on purely technical lines. The restructure was successfully implemented, however some case transfers have taken longer than anticipated. As a result UKAS has received some negative customer feedback due to slower response times as a result of these case-work handovers. Equally, UKAS has also received some very positive feedback from customers who have seen improved service levels and business focus deriving from the new structure. A key focus in the first six months of this business year will be to ensure that the restructure delivers the operational efficiencies and all the improvements in customer service set out in the original plans.

Meeting the growth in demand for asbestos accreditation and the development of accreditation for "digital forensics" were two of the key challenges facing Operations in 2016/2017. Our new HR Manager rose to the task of recruiting the large number of skilled assessors for these areas, however, this influx of new employees then placed a strain on our resources to train the new starters and this large investment in new staff increased our operational costs.

Other strategic activities last year included a continuing focus on internal business process improvement, carrying out essential planning for the next upgrade of our business system. At the start of the business year, the EU referendum result was announced and UKAS reacted swiftly to engage with the newly formed Government Departments, the Department for Exiting the EU ("DExEU") and the Department for International Trade ("DIT") to make Ministers aware of the role that accreditation has in underpinning international trade agreements and how it will be vital for government to understand the impact of these in future Brexit negotiations. As yet it is too early to make predictions about how this will affect UKAS's business. It is however the intention of the UKAS Board to follow these developments and work closely with our Government sponsors in order to engage at the earliest possible stage with any developments and assess the impact on UKAS as a business in the coming years now that Article 50 has been triggered.

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

#### Post balance sheet events

There have been no significant events affecting the Group since the year end.

#### Auditors

The auditors, Feltons, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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UNITED KINGDOM ACCREDITATION SERVICE

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017

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This report was approved by the board on **31st AUGUST 2017** and signed on its behalf.

  
Paul Stennett  
Director



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## UNITED KINGDOM ACCREDITATION SERVICE

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITED KINGDOM ACCREDITATION SERVICE

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We have audited the financial statements of United Kingdom Accreditation Service for the year ended 31 March 2017, set out on pages 10 to 40. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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.

#### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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**UNITED KINGDOM ACCREDITATION SERVICE**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITED KINGDOM ACCREDITATION  
SERVICE (CONTINUED)**

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**Opinion on other matter 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Dave Alesbury (Senior statutory auditor)

for and on behalf of  
**Feltons**

1 The Green  
Richmond  
Surrey  
TW9 1PL

Date: 7 September 2017

UNITED KINGDOM ACCREDITATION SERVICE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	29,437,322	26,772,309
Cost of sales		(18,968,736)	(16,399,979)
<b>Gross profit</b>		<b>10,468,586</b>	<b>10,372,330</b>
Administrative expenses		(8,563,863)	(8,475,221)
<b>Operating profit</b>	5	<b>1,904,723</b>	<b>1,897,109</b>
Interest receivable and similar income	9	43,398	45,766
Interest payable and expenses		(7,125)	(1)
Other finance income		17,000	(127,000)
<b>Profit before taxation</b>		<b>1,957,996</b>	<b>1,815,874</b>
Tax on profit	11	(329,693)	(335,170)
<b>Profit for the financial year</b>		<b>1,628,303</b>	<b>1,480,704</b>
Actuarial (losses)/gains on defined benefit pension scheme		(1,867,000)	2,771,000
Movement of deferred tax relating to pension deficit		342,290	(603,290)
<b>Other comprehensive income for the year</b>		<b>(1,524,710)</b>	<b>2,167,710</b>
<b>Total comprehensive income for the year</b>		<b>103,593</b>	<b>3,648,414</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		1,628,303	1,480,704
		<b>1,628,303</b>	<b>1,480,704</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent Company		103,593	3,648,414
		<b>103,593</b>	<b>3,648,414</b>

**UNITED KINGDOM ACCREDITATION SERVICE**  
**REGISTERED NUMBER: 03076190**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2017**

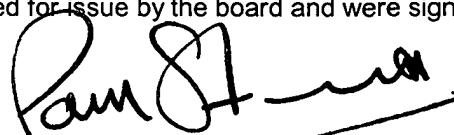
	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	1,031,978	1,182,723
		<u>1,031,978</u>	<u>1,182,723</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	7,282,361	5,192,862
Cash at bank and in hand	16	5,276,864	5,988,881
		<u>12,559,225</u>	<u>11,181,743</u>
Creditors: amounts falling due within one year	17	(4,821,424)	(4,094,280)
<b>Net current assets</b>		<u>7,737,801</u>	<u>7,087,463</u>
<b>Total assets less current liabilities</b>		<u>8,769,779</u>	<u>8,270,186</u>
<b>Provisions for liabilities</b>			
Other provisions	20	(150,000)	(405,000)
		<u>(150,000)</u>	<u>(405,000)</u>
<b>Net assets excluding pension liability</b>		<u>8,619,779</u>	<u>7,865,186</u>
Pension liability		(1,931,000)	(1,280,000)
<b>Net assets</b>		<u>6,688,779</u>	<u>6,585,186</u>
<b>Capital and reserves</b>			
Profit and loss account	21	6,688,779	6,585,186
<b>Equity attributable to owners of the parent Company</b>		<u>6,688,779</u>	<u>6,585,186</u>
		<u>6,688,779</u>	<u>6,585,186</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
31 August 2017

Georgia Alsop  
Director



Paul Stennett  
Director



The notes on pages 18 to 40 form part of these financial statements.

UNITED KINGDOM ACCREDITATION SERVICE  
REGISTERED NUMBER: 03076190

COMPANY BALANCE SHEET  
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	1,031,978	1,182,723
Investments	14	715,098	715,098
		<u>1,747,076</u>	<u>1,897,821</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	7,480,956	4,890,627
Cash at bank and in hand	16	3,422,670	5,338,236
		<u>10,903,626</u>	<u>10,228,863</u>
Creditors: amounts falling due within one year	17	(8,335,931)	(7,714,474)
<b>Net current assets</b>		<u>2,567,695</u>	<u>2,514,389</u>
<b>Total assets less current liabilities</b>		<u>4,314,771</u>	<u>4,412,210</u>
<b>Provisions for liabilities</b>			
Other provisions	20	(150,000)	(405,000)
		<u>(150,000)</u>	<u>(405,000)</u>
<b>Net assets excluding pension liability</b>		<u>4,164,771</u>	<u>4,007,210</u>
Pension liability		(1,931,000)	(1,280,000)
<b>Net assets</b>		<u>2,233,771</u>	<u>2,727,210</u>
<b>Capital and reserves</b>			
Profit and loss account	21	2,233,771	2,727,210
		<u>2,233,771</u>	<u>2,727,210</u>

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

31 August 2017

Georgia Alsop  
Director

Paul Stennett  
Director

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UNITED KINGDOM ACCREDITATION SERVICE

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017

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	Profit and loss account £	Total equity £
At 1 April 2016	6,585,186	6,585,186
<b>Comprehensive income for the year</b>		
Profit for the year	1,628,303	1,628,303
Actuarial losses on pension scheme	(1,524,710)	(1,524,710)
<b>Other comprehensive income for the year</b>	(1,524,710)	(1,524,710)
<b>Total comprehensive income for the year</b>	103,593	103,593
<b>At 31 March 2017</b>	<b>6,688,779</b>	<b>6,688,779</b>

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UNITED KINGDOM ACCREDITATION SERVICE

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016

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	Profit and loss account £	Total equity £
At 1 April 2015	2,936,772	2,936,772
<b>Comprehensive income for the year</b>		
Profit for the year	1,480,704	1,480,704
Actuarial gains on pension scheme	2,167,710	2,167,710
<b>Other comprehensive income for the year</b>	2,167,710	2,167,710
<b>Total comprehensive income for the year</b>	3,648,414	3,648,414
<b>At 31 March 2016</b>	6,585,186	6,585,186

The notes on pages 18 to 40 form part of these financial statements.

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UNITED KINGDOM ACCREDITATION SERVICE

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COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017

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	Profit and loss account £	Total equity £
At 1 April 2016	2,727,210	2,727,210
<b>Comprehensive income for the year</b>		
Profit for the year	1,031,271	1,031,271
Actuarial losses on pension scheme	(1,524,710)	(1,524,710)
<b>Other comprehensive income for the year</b>	(1,524,710)	(1,524,710)
<b>Total comprehensive income for the year</b>	(493,439)	(493,439)
<b>At 31 March 2017</b>	<b>2,233,771</b>	<b>2,233,771</b>



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UNITED KINGDOM ACCREDITATION SERVICE

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COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016

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	Profit and loss account £	Total equity £
At 1 April 2015	(468,297)	(468,297)
<b>Comprehensive income for the year</b>		
Profit for the year	1,027,797	1,027,797
Actuarial gains on pension scheme	2,167,710	2,167,710
<b>Other comprehensive income for the year</b>	2,167,710	2,167,710
<b>Total comprehensive income for the year</b>	3,195,507	3,195,507
<b>At 31 March 2016</b>	<b>2,727,210</b>	<b>2,727,210</b>

The notes on pages 18 to 40 form part of these financial statements.

UNITED KINGDOM ACCREDITATION SERVICE

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,628,303	1,480,704
<b>Adjustments for:</b>		
Depreciation of tangible assets	286,335	176,617
Loss on disposal of tangible assets	(7,299)	-
Other finance costs	(17,000)	127,000
Interest paid	7,130	-
Interest received	(43,398)	(45,766)
Taxation charge	329,693	335,170
(Increase) in debtors	(1,978,248)	(449,458)
Increase/(decrease) in creditors	750,441	(317,523)
(Decrease)/increase in provisions	(255,000)	85,000
(Decrease) in net pension assets/liabs	(1,199,000)	(985,000)
Corporation tax (paid)	(112,570)	(362,808)
<b>Net cash generated from operating activities</b>	<b>(610,613)</b>	<b>43,936</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(142,790)	(1,107,405)
Sale of tangible fixed assets	14,500	(22,711)
Interest received	43,393	45,766
<b>Net cash from investing activities</b>	<b>(84,897)</b>	<b>(1,084,350)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(7,130)	-
<b>Net cash used in financing activities</b>	<b>(7,130)</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(702,640)</b>	<b>(1,040,414)</b>
Cash and cash equivalents at beginning of year	5,979,504	7,019,918
<b>Cash and cash equivalents at the end of year</b>	<b>5,276,864</b>	<b>5,979,504</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	5,276,864	5,988,881
Bank overdrafts	-	(9,377)
	<b>5,276,864</b>	<b>5,979,504</b>

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## UNITED KINGDOM ACCREDITATION SERVICE

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 1. General information

United Kingdom Accreditation Service is a company incorporated in the United Kingdom under the Companies Act. The company is a private company limited by guarantee and is registered in England and Wales. The address of the registered office is shown on the company information page.

The principal activity of the company and group is set out in the Strategic Report on pages 3 to 4.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

The functional currency is considered to be pounds sterling.

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

For the year ended 31 March 2017, the company's subsidiary Clinical Pathology Accreditation (UK) Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act.

##### Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation's for the group and the parent company would be identical;
- No Statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

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## UNITED KINGDOM ACCREDITATION SERVICE

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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## 2. Accounting policies (continued)

### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

### 2.3 Going concern

The financial statements are prepared on a going concern basis.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, they continue to adopt the going concern basis of accounting in preparing the financial statements.

### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

### 2.5 Tangible fixed assets

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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**2. Accounting policies (continued)**

**2.5 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- over 15 years
Computer equipment and & Licensing	- 25% straight line
Motor vehicles	- 33% straight line
Fixtures and fittings	- between 10% and 20% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated statement of comprehensive income.

**2.6 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.8 Debtors**

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

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## UNITED KINGDOM ACCREDITATION SERVICE

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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## 2. Accounting policies (continued)

### 2.9 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

### 2.10 Creditors

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

### 2.11 Foreign currency translation

#### Functional and presentation currency

The Company's functional and presentational currency is GBP.

#### Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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**2. Accounting policies (continued)**

**2.12 Finance costs**

Finance costs are charged to the Profit and Loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.13 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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## UNITED KINGDOM ACCREDITATION SERVICE

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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## 2. Accounting policies (continued)

### 2.14 Pensions

#### Defined contribution pension scheme

The Company operates a Defined contribution plan for external assessors who are paid through the payroll.

#### Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

### 2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

### 2.16 Interest income

Interest income is recognised in the Profit and Loss account using the effective interest method.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**2. Accounting policies (continued)**

**2.17 Provisions for liabilities**

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

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**2.18 Current and deferred taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

**2.19 AMOUNT RECOVERABLE UNDER CONTRACTS**

Amounts recoverable under contracts relates to contracted services performed but not invoiced at the balance sheet date. As the services are complete at the balance sheet date amounts recoverable under contracts is stated at the recoverable amount invoiced post year end.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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

The directors have applied judgements in assessing the recoverability of trade debtors and the Defined Benefit Pension Scheme obligations and to the best of their knowledge and belief, the accounts reflect a true and fair picture of the amounts of debtors that are recoverable and the Defined Benefit Scheme obligations.

In applying the Group's accounting policies, the directors are required to make judgments, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgments, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgments, estimates and assumptions, the actual results and outcomes may differ.

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

#### Critical judgments in applying the Group's accounting policies

The critical judgments that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

##### (i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

#### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (ii) Recoverability of receivables

If necessary, the group establishes a provision for receivables that are estimated not to be recoverable. When assessing the recoverability the directors consider factors such as aging of receivables, past experience of recoverability, and the credit profile of an individual or groups of customers.

##### (iii) Determining residual value and useful economic lives of property, plant and equipment

The group depreciate tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

#### Pension and other post employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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3. Judgments in applying accounting policies (continued)

to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least A A rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

4. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	26,028,514	23,783,292
Rest of Europe	228,188	225,492
Rest of the world	3,180,620	2,763,525
	<b>29,437,322</b>	<b>26,772,309</b>

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Operating lease rentals - land & buildings	389,658	255,601
Depreciation of tangible fixed assets	286,335	176,617
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	13,000	13,000
Exchange differences	4	-
Defined benefit pension cost	1,381,538	1,260,537

The comparative figures have been changed to reclassify costs that were previously reported as cost of sales as administration costs to reflect the current organisation structure and to make year on year comparison meaningful. This has resulted in a decrease in cost of sales by £1,041,321 and a corresponding increase in administration costs.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**6. Auditors' remuneration**

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	13,000	13,000
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Other services relating to taxation	1,500	1,500
All other services	5,000	5,000
	<u>13,000</u>	<u>13,000</u>

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	11,158,245	9,857,887
Social security costs	1,236,398	1,078,356
Cost of defined benefit scheme	1,268,855	1,305,819
	<u>13,663,498</u>	<u>12,242,062</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Office management staff	82	82
Technical staff	158	137
	<u>240</u>	<u>219</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	<u>705,574</u>	<u>653,650</u>

During the year retirement benefits were accruing to 3 directors (2016 - 4) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £226,417 (2016 - £197,092).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2016 - £26,634).

The total accrued pension provision of the highest paid director at 31 March 2017 amounted to £26,988 (2016 - £26,988).

The amount of the accrued lump sum in respect of the highest paid director at 31 March 2017 amounted to £NIL (2016 - £NIL).

9. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>43,398</u>	<u>45,766</u>
	<u>43,398</u>	<u>45,766</u>

10. Other finance costs

	2017 £	2016 £
Net interest on net defined benefit liability	<u>17,000</u>	<u>(127,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**11. Taxation**

	2017 £	2016 £
<b>UK corporation tax</b>		
Current tax on profits for the year	165,490	163,570
Adjustments in respect of previous periods	(66,837)	-
<b>Total current tax</b>	<u>98,653</u>	<u>163,570</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	231,040	171,600
<b>Total deferred tax</b>	<u>231,040</u>	<u>171,600</u>
<b>Taxation on profit on ordinary activities</b>	<u>329,693</u>	<u>335,170</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - *lower than*) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	1,957,996	1,815,874
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	391,598	363,175
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,187	548
Capital allowances for year in excess of depreciation	14,904	(28,553)
Adjustments to tax charge in respect of prior periods	(66,837)	-
Change in rates for pension provision	(12,159)	-
<b>Total tax charge for the year</b>	<u>329,693</u>	<u>335,170</u>

**12. Parent Company Profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £1,032,971 (2016 - £1,027,802).

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

13. Tangible fixed assets

Group

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer and equipment, software & licensing £	Total £
<b>Cost or valuation</b>					
At 1 April 2016	713,088	33,185	629,586	1,534,745	2,910,604
Additions	19,440	34,761	16,022	72,568	142,791
Disposals	-	(28,766)	-	-	(28,766)
At 31 March 2017	732,528	39,180	645,608	1,607,313	3,024,629
<b>Depreciation</b>					
At 1 April 2016	8,452	21,998	497,700	1,199,731	1,727,881
Charge for the year on owned assets	73,739	10,745	20,006	181,845	286,335
Disposals	-	(21,565)	-	-	(21,565)
At 31 March 2017	82,191	11,178	517,706	1,381,576	1,992,651
<b>Net book value</b>					
At 31 March 2017	650,337	28,002	127,902	225,737	1,031,978
At 31 March 2016	704,636	11,187	131,886	335,014	1,182,723

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NOTES TO THE FINANCIAL STATEMENTS  
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13. Tangible fixed assets (continued)

Company

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer and equipment, software & licensing £	Total £
<b>Cost or valuation</b>					
At 1 April 2016	713,088	33,185	629,586	1,534,745	2,910,604
Additions	19,440	34,761	16,022	72,568	142,791
Disposals	-	(28,766)	-	-	(28,766)
At 31 March 2017	732,528	39,180	645,608	1,607,313	3,024,629
<b>Depreciation</b>					
At 1 April 2016	8,452	21,998	497,700	1,199,731	1,727,881
Charge for the year on owned assets	73,739	10,745	20,006	181,845	286,335
Disposals	-	(21,565)	-	-	(21,565)
At 31 March 2017	82,191	11,178	517,706	1,381,576	1,992,651
<b>Net book value</b>					
At 31 March 2017	650,337	28,002	127,902	225,737	1,031,978
At 31 March 2016	704,636	11,187	131,886	335,014	1,182,723



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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14. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of Shares	Holding	Principal Activity
Clinical Pathology Accreditation (UK) Limited	Ordinary	100 %	Providing accreditation services

Name	Registered office
Clinical Pathology Accreditation (UK) Limited	2 Pine Trees, Chertsey Lane, Staines-upon-Thames, Middlesex, TW18 3HR

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 April 2016	715,098
At 31 March 2017	715,098
<b>Net book value</b>	
At 31 March 2017	715,098
At 31 March 2016	715,098

The company's subsidiary Clinical Pathology Accreditation (UK) Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act.

**UNITED KINGDOM ACCREDITATION SERVICE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**15. Debtors**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Trade debtors	4,699,977	3,233,913	4,461,840	2,813,383
Amounts owed by group undertakings	-	-	557,359	203,034
Other debtors	124,188	155,915	3,562	71,176
Prepayments and accrued income	291,986	199,706	291,985	199,706
Amounts recoverable on long term contracts	1,798,960	1,347,328	1,798,960	1,347,328
Deferred taxation	367,250	256,000	367,250	256,000
	<b>7,282,361</b>	<b>5,192,862</b>	<b>7,480,956</b>	<b>4,890,627</b>

**16. Cash and cash equivalents**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Cash at bank and in hand	5,276,864	5,988,881	3,422,670	5,338,236
Less: bank overdrafts	-	(9,377)	-	(9,377)
	<b>5,276,864</b>	<b>5,979,504</b>	<b>3,422,670</b>	<b>5,328,859</b>

**17. Creditors: Amounts falling due within one year**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Bank overdrafts	-	9,377	-	9,377
Trade creditors	557,418	652,315	412,012	472,086
Amounts owed to group undertakings	-	-	3,881,681	4,053,488
Corporation tax	165,490	179,408	16,374	66,837
Taxation and social security	1,450,206	1,001,717	1,450,206	1,001,717
Other creditors	51,023	35,000	51,019	-
Accruals and deferred income	2,597,287	2,216,463	2,524,639	2,110,968
	<b>4,821,424</b>	<b>4,094,280</b>	<b>8,335,931</b>	<b>7,714,473</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**18. Financial instruments**

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	9,813,779	9,378,708	8,303,005	8,425,829
	<u>9,813,779</u>	<u>9,378,708</u>	<u>8,303,005</u>	<u>8,425,829</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(2,502,511)	(2,086,595)	(6,162,902)	(5,866,574)
	<u>(2,502,511)</u>	<u>(2,086,595)</u>	<u>(6,162,902)</u>	<u>(5,866,574)</u>

Financial assets measured at amortised cost comprise bank balances, group balances, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and group balances.

**19. Deferred taxation**

**Group**

	2017 £	2016 £
At beginning of year	256,000	1,030,890
Charged to profit or loss	111,250	(774,890)
<b>At end of year</b>	<u>367,250</u>	<u>256,000</u>

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**UNITED KINGDOM ACCREDITATION SERVICE**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**19. Deferred taxation (continued)**

**Company**

	2017 £	2016 £
At beginning of year	256,000	1,030,890
Charged to profit or loss	111,250	(774,890)
<b>At end of year</b>	<b>367,250</b>	<b>256,000</b>

	Group 2017 £	Group 2016 £
Pension scheme	367,250	256,000
	<b>367,250</b>	<b>256,000</b>

**20. Provisions**

**Group**

	Dilapidation provision £
At 1 April 2016	405,000
Charged to profit or loss	(255,000)
<b>At 31 March 2017</b>	<b>150,000</b>

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UNITED KINGDOM ACCREDITATION SERVICE

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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20. Provisions (continued)

Company

	Dilapidation provision £	Total £
At 1 April 2016	405,000	405,000
Charged to profit or loss	(255,000)	(255,000)
At 31 March 2017	<u>150,000</u>	<u>150,000</u>

21. Reserves

Profit and loss account

Retained earnings represents accumulated comprehensive income for the year and prior periods plus any share based payments, adjustments and related tax credits and transfers from other reserves.

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## UNITED KINGDOM ACCREDITATION SERVICE

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 22. Pension commitments

The Group operates a Defined benefit pension scheme and the details are as follows:.

United Kingdom Accreditation Service operates a defined benefit scheme in the United Kingdom. The company sponsors the United Kingdom Accreditation Service pension scheme which is a defined benefit arrangement providing benefits on a career average salary basis. The last full actuarial valuation of this scheme was carried out by a qualified Independent actuary as at 31 March 2015 and the results of this have been updated on an approximate basis to 31 March 2017.

Reconciliation of present value of plan liabilities:

	2017 £	2016 £
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	(33,005,000)	(35,219,000)
Current service cost	(1,264,000)	(1,319,000)
Interest cost	(1,174,000)	(1,149,000)
Actuarial gains/losses	(7,699,000)	4,349,000
Contributions	(523,000)	(466,000)
Benefits paid	773,000	799,000
<b>At the end of the year</b>	<b>(42,892,000)</b>	<b>(33,005,000)</b>

Reconciliation of fair value of plan assets:

	2017 £	2016 £
At the beginning of the year	31,725,000	30,310,000
Current service cost	2,463,000	2,304,000
Interest income	1,191,000	1,022,000
Actuarial gains/losses	5,832,000	(1,578,000)
Contributions	523,000	466,000
Benefits paid	(773,000)	(799,000)
<b>At the end of the year</b>	<b>40,961,000</b>	<b>31,725,000</b>

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**22. Pension commitments (continued)**

Composition of plan assets:

	2017 £	2016 £
Equity	29,082,310	22,208,000
Non-gilt bonds	4,915,320	4,124,000
Gilts	4,915,320	3,807,000
Property	1,638,440	1,586,000
Cash	409,610	-
<b>Total plan assets</b>	<b>40,961,000</b>	<b>31,725,000</b>

	2017 £	2016 £
Fair value of plan assets	40,961,000	31,725,000
Present value of plan liabilities	(42,892,000)	(33,005,000)
<b>Net pension scheme liability</b>	<b>(1,931,000)</b>	<b>(1,280,000)</b>

The amounts recognised in profit or loss are as follows:

	2017 £	2016 £
Current service cost	1,264,000	1,319,000
Interest on obligation	(17,000)	127,000
<b>Total</b>	<b>1,247,000</b>	<b>1,446,000</b>

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**22. Pension commitments (continued)**

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £1,867,000 (2016 - £2,771,000).

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2017 %	2016 %
Discount rate	2.80	3.60
Expected return on scheme assets	2.80	3.60
Future pension increases	3.40	3.15
Rate of inflation - retail price index	3.60	3.30
Inflation - consumer price index	2.60	2.30
Mortality rates		

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2017 £	2016 £
Defined benefit obligation	(42,892,000)	(33,005,000)
Scheme assets	40,961,000	31,725,000
<b>Deficit</b>	<b>(1,931,000)</b>	<b>(1,280,000)</b>

**23. Commitments under operating leases**

At 31 March 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than 1 year	193,930	14,241	193,930	14,241
Later than 1 year and not later than 5 years	1,286,347	807,867	1,286,347	807,867
Later than 5 years	2,707,089	3,344,050	2,707,089	3,344,050



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**24. Related party transactions**

The accounts do not show details in respect of group transactions. The group is exempt from disclosure under Financial Reporting Standard 102 on the grounds that the group accounts are available.

**25. Controlling party**

Ultimate control is vested in the individual members and directors as, being a company limited by guarantee, there are no shareholders.