

Registered number: 03076190

UNITED KINGDOM ACCREDITATION SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



UNITED KINGDOM ACCREDITATION SERVICE

COMPANY INFORMATION

Directors	Lord Lindsay Paul Stennett Sir Duncan Nichol Professor Michael Mainelli Georgia Alsop Jeffrey Ruddle Lorraine Turner Sarah Veale Jeffrey Llewellyn Professor Adrian Charles Newland (appointed 10 October 2017)
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

UNITED KINGDOM ACCREDITATION SERVICE

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UNITED KINGDOM ACCREDITATION SERVICE

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

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 £1,022,595 (2017: £1,904,723) and a group gross margin of 32.9% (2017: 35.6%).

The financial performance this year was positive and the group continues to be profitable. In monetary terms turnover was up 3.5%. The group's balance sheet continues to show a healthy current ratio of current assets to short term creditors of 2.77 times (2017: 2.6 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 2018, the company delivered 29,725 (2017: 27,229) 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.

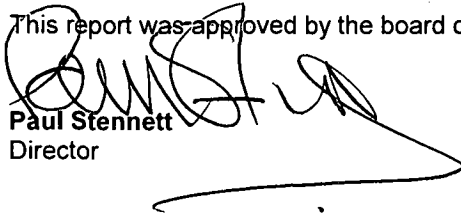
UNITED KINGDOM ACCREDITATION SERVICE

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

This report was approved by the board on

17 July 2018

and signed on its behalf.


Paul Stennett
Director

UNITED KINGDOM ACCREDITATION SERVICE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

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 £866,102 (2017: £1,628,303).

As the company is non-profit distributing, the Directors do not propose a dividend (2017: £Nil).

The directors who served during the year were:

Lord Lindsay
Paul Stennett
Sir Duncan Nichol
Professor Michael Mainelli
Georgia Alsop
Jeffrey Ruddle
Lorraine Turner
Sarah Veale
Jeffrey Llewellyn
Professor Adrian Charles Newland (appointed 10 October 2017)

UNITED KINGDOM ACCREDITATION SERVICE

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Future developments

Over 2018 to 2021 UKAS plans to:

- Continue to engage closely with all Government departments involved in Brexit negotiations and post-Brexit trade discussions to promote the role of accreditation in supporting the competitiveness of the UK and, ensure that UKAS maintains its profile, reputation and international influence as a leading Accreditation Body
- launch a new business system and customer portal to drive efficiency and support greater collaboration with customers
- transition its largest customer segment, testing and calibration laboratories to the newest version of the standard, ISO/IEC 17025:2017
- deliver best in class customer service supported by innovative accreditation products, introducing greater use of technology, flexibility and risk based approaches to its assessments
- review its pricing to promote growth and make accreditation more accessible to small businesses, benchmarking its offering and service against other leading international Accreditation Bodies
- strive to increase its penetration in the Healthcare, Social Care and Finance sectors and develop new accreditation schemes in response to market needs, supporting new and existing customers
- develop its leaders and adapt its structures to continually meet the needs of UKAS as a growing business, embedding a culture that embraces innovation and continual improvement

Employee involvement

UKAS values employee engagement and aims to share information with its employees on all matters of concern to them. Accordingly, appropriate steps are taken to ensure that employees or their representatives are aware of the financial and economic factors affecting the Company's performance on a quarterly basis and are encouraged generally to be involved in the Company's overall performance.

UKAS is an equal opportunities employer and is committed to supporting the personal development of staff irrespective of gender, sexual orientation, ethnicity or disability, provided they have the abilities to perform the tasks required with or without training, and is ready to provide retraining where necessary in cases when disability arises during employment with the Company. The gender pay gap is reported on and monitored in accordance with legislative requirements.

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 is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the directors has 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.

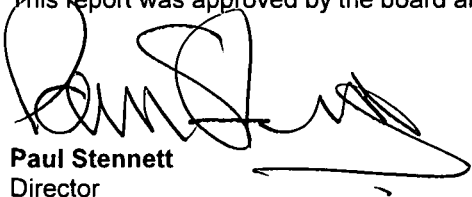
UNITED KINGDOM ACCREDITATION SERVICE

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Auditors

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

This report was approved by the board and signed on its behalf.



Paul Stennett
Director

Date: 17 July 2018

UNITED KINGDOM ACCREDITATION SERVICE

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

Opinion

We have audited the financial statements of United Kingdom Accreditation Service (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2018 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

UNITED KINGDOM ACCREDITATION SERVICE

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

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 this regard.

Opinion 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

UNITED KINGDOM ACCREDITATION SERVICE

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

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

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

Use of our report

This report is made solely to the Company's Members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's Members those matters we are required to state to them in an 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.



Dave Alesbury (Senior statutory auditor)

for and on behalf of
Feltons

1 The Green
Richmond
Surrey
TW9 1PL

Date: 5 September 2018

UNITED KINGDOM ACCREDITATION SERVICE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	30,470,212	29,437,322
Cost of sales		(20,435,509)	(18,968,736)
Gross profit		10,034,703	10,468,586
Administrative expenses		(9,012,108)	(8,563,863)
Operating profit	5	1,022,595	1,904,723
Interest receivable and similar income	9	19,741	43,398
Interest payable and expenses	10	-	(7,125)
Other finance income/(cost)		(24,000)	17,000
Profit before taxation		1,018,336	1,957,996
Tax on profit		(152,234)	(329,693)
Profit for the financial year		866,102	1,628,303
Actuarial gains/(losses) on defined benefit pension scheme		95,000	(1,867,000)
Movement of deferred tax relating to pension deficit		(18,050)	342,290
Other comprehensive income for the year		76,950	(1,524,710)
Total comprehensive income for the year		943,052	103,593
Profit for the year attributable to:			
Owners of the parent Company		866,102	1,628,303
		866,102	1,628,303
Total comprehensive income for the year attributable to:			
Owners of the parent Company		943,052	103,593
		943,052	103,593

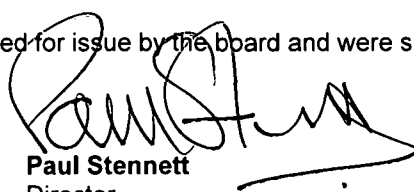
UNITED KINGDOM ACCREDITATION SERVICE
REGISTERED NUMBER: 03076190

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	1,363,088	1,031,978
		<u>1,363,088</u>	<u>1,031,978</u>
Current assets			
Debtors: amounts falling due within one year	16	6,537,812	7,282,361
Cash at bank and in hand	17	6,825,202	5,276,864
		<u>13,363,014</u>	<u>12,559,225</u>
Creditors: amounts falling due within one year	18	(4,818,271)	(4,821,424)
Net current assets		<u>8,544,743</u>	<u>7,737,801</u>
Total assets less current liabilities		<u>9,907,831</u>	<u>8,769,779</u>
Provisions for liabilities			
Other provisions	21	(150,000)	(150,000)
		<u>(150,000)</u>	<u>(150,000)</u>
Net assets excluding pension liability		<u>9,757,831</u>	<u>8,619,779</u>
Pension liability		<u>(2,126,000)</u>	<u>(1,931,000)</u>
Net assets		<u><u>7,631,831</u></u>	<u><u>6,688,779</u></u>
Capital and reserves			
Profit and loss account	22	7,631,831	6,688,779
Equity attributable to owners of the parent Company		<u>7,631,831</u>	<u>6,688,779</u>
		<u><u>7,631,831</u></u>	<u><u>6,688,779</u></u>

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


Georgia Alsop
Director


Paul Stennett
Director

Date: 17 July 2018

The notes on pages 19 to 42 form part of these financial statements.

UNITED KINGDOM ACCREDITATION SERVICE
REGISTERED NUMBER: 03076190

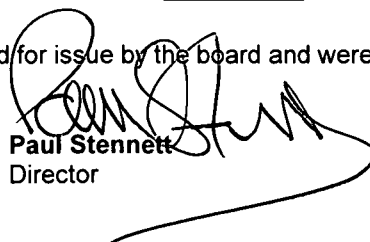
COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	1,363,088	1,031,978
Investments	15	715,098	715,098
		<u>2,078,186</u>	<u>1,747,076</u>
Current assets			
Debtors: amounts falling due within one year	16	6,563,595	7,480,956
Cash at bank and in hand	17	6,517,595	3,422,670
		<u>13,081,190</u>	<u>10,903,626</u>
Creditors: amounts falling due within one year	18	(9,683,227)	(8,335,931)
Net current assets		<u>3,397,963</u>	<u>2,567,695</u>
Total assets less current liabilities		<u>5,476,149</u>	<u>4,314,771</u>
Provisions for liabilities			
Other provisions	21	(150,000)	(150,000)
		<u>(150,000)</u>	<u>(150,000)</u>
Net assets excluding pension liability		<u>5,326,149</u>	<u>4,164,771</u>
Pension liability		(2,126,000)	(1,931,000)
Net assets		<u><u>3,200,149</u></u>	<u><u>2,233,771</u></u>
Capital and reserves			
Profit and loss account	22	3,200,149	2,233,771
		<u><u>3,200,149</u></u>	<u><u>2,233,771</u></u>

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



Georgia Alsop
Director



Paul Stennett
Director

Date: 17 July 2018

UNITED KINGDOM ACCREDITATION SERVICE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Profit and loss account £	Total equity £
At 1 April 2017	6,688,779	6,688,779
Comprehensive income for the year		
Profit for the year	866,102	866,102
Actuarial gains on pension scheme	76,950	76,950
Other comprehensive income for the year	76,950	76,950
Total comprehensive income for the year	943,052	943,052
At 31 March 2018	7,631,831	7,631,831

UNITED KINGDOM ACCREDITATION SERVICE

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

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

The notes on pages 19 to 42 form part of these financial statements.

UNITED KINGDOM ACCREDITATION SERVICE

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Profit and loss account £	Total equity £
At 1 April 2017	2,233,771	2,233,771
Comprehensive income for the year		
Profit for the year	889,428	889,428
Actuarial gains on pension scheme	76,950	76,950
Other comprehensive income for the year	76,950	76,950
Total comprehensive income for the year	966,378	966,378
At 31 March 2018	3,200,149	3,200,149

UNITED KINGDOM ACCREDITATION SERVICE

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

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

The notes on pages 19 to 42 form part of these financial statements.

UNITED KINGDOM ACCREDITATION SERVICE

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	866,102	1,628,303
Adjustments for:		
Depreciation of tangible assets	264,550	286,335
Loss on disposal of tangible assets	-	(7,299)
Interest paid	-	7,125
Interest received	(19,741)	(43,398)
Taxation charge	152,234	329,693
Decrease/(increase) in debtors	781,598	(1,978,249)
(Decrease)/increase in creditors	(61,369)	750,438
Increase/(decrease) in provisions	-	(255,000)
Increase/(decrease) in net pension assets/liabs	266,000	(1,199,000)
Corporation tax (paid)	(149,116)	(112,570)
Other finance costs	-	(17,000)
Other finance income	24,000	-
Net cash generated from operating activities	2,124,258	(610,622)
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(142,791)
Purchase of tangible fixed assets	(595,661)	-
Sale of tangible fixed assets	-	14,500
Interest received	19,741	43,398
Net cash from investing activities	(575,920)	(84,893)
Cash flows from financing activities		
Interest paid	-	(7,125)
Net cash used in financing activities	-	(7,125)
Net increase/(decrease) in cash and cash equivalents	1,548,338	(702,640)
Cash and cash equivalents at beginning of year	5,276,864	5,979,504
Cash and cash equivalents at the end of year	6,825,202	5,276,864
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,825,202	5,276,864
	6,825,202	5,276,864

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018, 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:

- 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:

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.

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

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.

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 under construction represent the cost of a new IT system. Depreciation will be charged on the assets once they are brought into use.

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

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

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.

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares. Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 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.

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.15 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'.

2.16 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.

2.17 Interest income

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

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.18 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.

2.19 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.

2.20 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.

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

UNITED KINGDOM ACCREDITATION SERVICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

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:

	2018 £	2017 £
United Kingdom	27,093,421	26,028,514
Rest of Europe	222,471	228,188
Rest of the world	3,154,321	3,180,620
	<u>30,470,213</u>	<u>29,437,322</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Operating lease rentals - land & buildings	265,401	389,658
Depreciation of tangible fixed assets	264,551	286,335
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	<u>1,818,149</u>	<u>1,268,855</u>

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	13,000	13,000
Other services relating to taxation	1,500	1,500
All other services	<u>5,000</u>	<u>5,000</u>

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

7. Employees

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

	Group 2018 £	Group 2017 £
Wages and salaries	11,707,253	11,181,075
Social security costs	1,368,539	1,236,398
Cost of defined benefit scheme	1,818,149	1,268,855
	<u>14,893,941</u>	<u>13,686,328</u>

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

	2018 No.	2017 No.
Office management staff	82	82
Technical staff	173	158
	<u>255</u>	<u>240</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	<u>730,060</u>	<u>705,574</u>

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £232,216 (2017 - £226,417).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2017 - £NIL).

The total accrued pension provision of the highest paid director at 31 March 2018 amounted to £26,988 (2017 - £26,988).

The amount of the accrued lump sum in respect of the highest paid director at 31 March 2018 amounted to £NIL (2017 - £NIL).

UNITED KINGDOM ACCREDITATION SERVICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. Interest receivable

	2018 £	2017 £
Other interest receivable	19,741	43,398
	<u>19,741</u>	<u>43,398</u>

10. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	-	4,999
Other interest payable	-	2,126
	<u>-</u>	<u>7,125</u>

11. Other finance income/(cost)

	2018 £	2017 £
Net interest on net defined benefit liability	(24,000)	17,000
	<u>(24,000)</u>	<u>17,000</u>

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	223,708	165,490
Adjustments in respect of previous periods	(16,374)	(66,837)
	<u>207,334</u>	<u>98,653</u>
Total current tax	<u>207,334</u>	<u>98,653</u>
Deferred tax		
Origination and reversal of timing differences	(55,100)	231,040
Total deferred tax	<u>(55,100)</u>	<u>231,040</u>
Taxation on profit on ordinary activities	<u>152,234</u>	<u>329,693</u>

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for both years is lower than the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,018,336</u>	<u>1,957,996</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	193,484	391,598
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,932	2,187
Capital allowances for year in excess of depreciation	(6,842)	14,904
Adjustments to tax charge in respect of prior periods	(16,374)	(66,837)
Change in rates for pension provision	-	(12,159)
Double taxation relief	(24,966)	-
Total tax charge for the year	<u>152,234</u>	<u>329,693</u>

13. 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 £889,428 (2017 - £1,031,271).

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. Tangible fixed assets

Group

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer and equipment, software & licensing £	Assets under construction £	Total £
Cost or valuation						
At 1 April 2017	732,528	39,180	645,608	1,607,313	-	3,024,629
Additions	-	-	-	230,210	365,451	595,661
At 31 March 2018	732,528	39,180	645,608	1,837,523	365,451	3,620,290
Depreciation						
At 1 April 2017	82,191	11,178	517,706	1,381,576	-	1,992,651
Charge for the year on owned assets	73,253	11,587	16,038	163,673	-	264,551
At 31 March 2018	155,444	22,765	533,744	1,545,249	-	2,257,202
Net book value						
At 31 March 2018	577,084	16,415	111,864	292,274	365,451	1,363,088
At 31 March 2017	650,337	28,002	127,902	225,737	-	1,031,978

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. Tangible fixed assets (continued)

Company

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer and equipment, software & licensing £	Assets under construction £	Total £
Cost or valuation						
At 1 April 2017	732,528	39,180	645,608	1,607,313	-	3,024,629
Additions	-	-	-	230,210	365,451	595,661
At 31 March 2018	732,528	39,180	645,608	1,837,523	365,451	3,620,290
Depreciation						
At 1 April 2017	82,191	11,178	517,706	1,381,576	-	1,992,651
Charge for the year on owned assets	73,253	11,587	16,038	163,673	-	264,551
At 31 March 2018	155,444	22,765	533,744	1,545,249	-	2,257,202
Net book value						
At 31 March 2018	577,084	16,415	111,864	292,274	365,451	1,363,088
At 31 March 2017	650,337	28,002	127,902	225,737	-	1,031,978

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

15. 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 £
Cost or valuation	
At 1 April 2017	715,098
At 31 March 2018	715,098
Net book value	
At 31 March 2018	715,098
At 31 March 2017	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 2018**

16. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	4,140,320	4,699,977	4,128,473	4,461,840
Amounts owed by group undertakings	-	-	175,662	557,359
Other debtors	267,728	124,188	129,696	3,562
Prepayments and accrued income	325,596	291,986	325,596	291,985
Amounts recoverable on long term contracts	1,399,868	1,798,960	1,399,868	1,798,960
Deferred taxation	404,300	367,250	404,300	367,250
	6,537,812	7,282,361	6,563,595	7,480,956

17. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	6,825,202	5,276,864	6,517,595	3,422,670
	6,825,202	5,276,864	6,517,595	3,422,670

18. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	427,087	557,418	423,051	412,012
Amounts owed to group undertakings	-	-	5,060,867	3,881,681
Corporation tax	223,708	165,490	223,708	16,374
Other taxation and social security	1,328,530	1,450,206	1,328,530	1,450,206
Other creditors	48,503	51,023	48,501	51,019
Accruals and deferred income	2,790,443	2,597,287	2,598,570	2,524,639
	4,818,271	4,821,424	9,683,227	8,335,931

UNITED KINGDOM ACCREDITATION SERVICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>11,233,250</u>	<u>9,813,779</u>	<u>10,951,426</u>	<u>8,303,005</u>
	<u><u>11,233,250</u></u>	<u><u>9,813,779</u></u>	<u><u>10,951,426</u></u>	<u><u>8,303,005</u></u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(2,652,859)</u>	<u>(2,502,511)</u>	<u>(7,620,300)</u>	<u>(6,162,902)</u>
	<u><u>(2,652,859)</u></u>	<u><u>(2,502,511)</u></u>	<u><u>(7,620,300)</u></u>	<u><u>(6,162,902)</u></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.

20. Deferred taxation

Group

	2018 £	<i>2017 £</i>
At beginning of year	367,250	256,000
Charged to profit or loss	37,050	111,250
At end of year	<u><u>404,300</u></u>	<u><u>367,250</u></u>

UNITED KINGDOM ACCREDITATION SERVICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

20. Deferred taxation (continued)

Company

	2018 £	2017 £
At beginning of year	367,250	256,000
Charged to profit or loss	37,050	111,250
At end of year	404,300	367,250
	Group 2018 £	Group 2017 £
Pension scheme	404,300	367,250
	404,300	367,250

21. Provisions

Group

	Dilapidation provision £
At 1 April 2017	150,000
At 31 March 2018	150,000

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

21. Provisions (continued)

Company

	Dilapidation provision £	Total £
At 1 April 2017	150,000	150,000
At 31 March 2018	<u>150,000</u>	<u>150,000</u>

22. 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.

23. Capital commitments

At 31 March 2018 the Group and Company had capital commitments as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Contracted for but not provided in these financial statements	335,000	-	335,000	-
	<u>335,000</u>	<u>-</u>	<u>335,000</u>	<u>-</u>

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

24. 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 2018.

Reconciliation of present value of plan liabilities:

	2018 £	2017 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	(42,892,000)	(33,005,000)
Current service cost	(1,821,000)	(1,264,000)
Interest cost	(1,191,000)	(1,174,000)
Actuarial gains/losses	(487,000)	(7,699,000)
Contributions	(555,000)	(523,000)
Benefits paid	695,000	773,000
At the end of the year	(46,251,000)	(42,892,000)

Reconciliation of present value of plan assets:

	2018 £	2017 £
At the beginning of the year	40,961,000	31,725,000
Current service cost	1,555,000	2,463,000
Interest income	1,167,000	1,191,000
Actuarial gains/losses	582,000	5,832,000
Contributions	555,000	523,000
Benefits paid	(695,000)	(773,000)
At the end of the year	44,125,000	40,961,000

UNITED KINGDOM ACCREDITATION SERVICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

24. Pension commitments (continued)

Composition of plan assets:

	2018 £	2017 £
Equity	30,912,000	29,171,000
Non-gilt bonds	5,558,000	4,932,000
Gilts	5,561,000	5,068,000
Property	1,977,000	1,678,000
Cash	117,000	112,000
Total plan assets	44,125,000	40,961,000
	2018 £	2017 £
Fair value of plan assets	44,125,000	40,961,000
Present value of plan liabilities	(46,251,000)	(42,892,000)
Net pension scheme liability	2,126,000	1,931,000

The amounts recognised in profit or loss are as follows:

	2018 £	2017 £
Current service cost	1,821,000	1,264,000
Interest on obligation	24,000	(17,000)
Total	1,845,000	1,247,000

UNITED KINGDOM ACCREDITATION SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

24. Pension commitments (continued)

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was a gain of £95,000 (2017 - loss of £1,867,000).

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

	2018 %	2017 %
Discount rate	2.70	2.80
Expected return on scheme assets	2.70	2.80
Future pension increases	3.35	3.40
Rate of inflation - retail price index	3.50	3.60
Inflation - consumer price index	2.50	2.60

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2018 £	2017 £
Defined benefit obligation	(46,251,000)	(42,892,000)
Scheme assets	44,125,000	40,961,000
Deficit	2,126,000	1,931,000

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25. Commitments under operating leases

At 31 March 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Not later than 1 year	372,995	193,930	372,995	193,930
Later than 1 year and not later than 5 years	1,354,118	1,286,347	1,354,118	1,286,347
Later than 5 years	2,388,608	2,707,089	2,388,608	2,707,089
	<u>4,115,721</u>	<u>4,187,366</u>	<u>4,115,721</u>	<u>4,187,366</u>

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26. Related party transactions

The group is exempt under Financial Reporting Standard 102 from disclosing related party transactions with the company's subsidiary as it is wholly owned within the group.

27. Controlling party

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