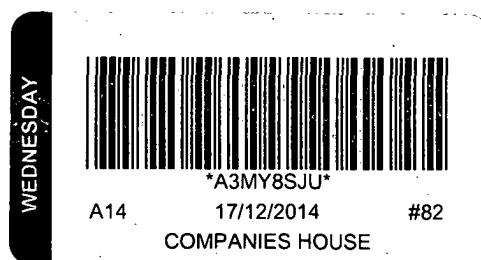


LGC (Holdings) Limited

Report and Financial Statements

31 March 2014



Directors

Tim Robinson
Simon Parsons

Company secretary

John Ilett

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

HSBC Bank Plc
54 Clarence Street
Kingston-upon-Thames
Surrey
KT1 0NJ

Registered Office

Queens Road
Teddington
Middlesex
TW11 0LY

Strategic report

The Directors present their strategic report for the year ended 31 March 2014.

Review of the business and future developments

The company's principal activities are those of an investment holding company and the provision of management services to other group companies. The company expects to continue to operate on the same basis for the foreseeable future.

LGC (Holdings) Limited is the parent company of LGC Limited, the main UK trading company of the LGC Group, and all overseas subsidiaries of the LGC Group. The ultimate UK consolidating entity is LGC Science Group Limited ('the group').

The LGC Group is a leading international life sciences measurement and testing group. The Group provides analytical testing products and services to a wide range of attractive end-markets including pharma, agBio and the food & consumer industries, as well as the public sector requiring specialist scientific expertise.

LGC is the UK's designated National Measurement Institute for chemical and bioanalytical measurement and is also the host organisation for the UK's Government Chemist function. From its foundations as a measurement standards organisation, LGC offers products and services that enable its customers to achieve challenging analytical and bioanalytical assays, from single analysis through to high-volume automated testing programmes. The Group's divisions that provide these products and services are Standards, Genomics and Laboratory and Managed Services, supported by the Science & Innovation function and central support services.

Financial performance

The profit and loss account is set out on page 7 and shows the profit for the financial year of £1,057,000 (2013 – profit of £15,969,000). The reduced profit for the year reflects the decrease in dividends received from subsidiaries.

The increase in intercompany interest receivable and payable balances is a result of the larger intercompany debtor and creditor which can be seen in existence at the year-end balance sheet date.

No key performance indicators are monitored by the directors as LGC (Holdings) Limited is a holding company.

Principal risks and uncertainties

Financial risk management

The company is exposed to a variety of financial risks that include the effects of changes in liquidity risk, foreign exchange risk and interest rate risk. The company's ultimate UK consolidating entity, LGC Science Group Limited, has in place a group-wide risk management programme that seeks to limit the adverse effects on the financial performance of group. Details are set out in the financial statements of that company.



John Ilett
Company Secretary
12 December 2014

Directors' report

The Directors present their report and financial statements for the year ended 31 March 2014.

Directors

The Directors during the year were as follows:

Tim Robinson	(appointed on 16 May 2013)
David Richardson	(resigned on 20 May 2013)
Simon Parsons	

Dividends

The directors do not recommend the payment of a dividend (2013 – nil).

Going concern

The financial statements have been prepared on the going concern basis.

In considering the appropriateness of the going concern assumption, the Directors, who are also Directors of the parent group, have had regard to:

- financial support from LGC Science Group Limited;
- future projections for the company and the group; and
- financing arrangements in place.

The group has the banking facilities to provide adequate financing to support the company's operations and the covenants set out in the group's bank facilities and are forecast to continue to be satisfied.

Whilst acknowledging the inherent risk in any plan, the Directors are concluding that, having considered the factors set out above, it is appropriate to prepare the financial statements on a going concern basis.

Statement of disclosure of information to auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the auditor is unaware. Having made enquiries of fellow Directors and the company's auditor, each Director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



John Ilett
Company Secretary
12 December 2014

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of LGC (Holdings) Limited

We have audited the financial statements of LGC (Holdings) Limited for the year ended 31 March 2014 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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 Auditing Practices Board's (APB'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 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 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report (continued)

to the members of LGC (Holdings) Limited

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, or returns adequate for our audit have not been received from branches visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Christine Chua (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

16 December 2014

Profit and loss account

for the year ended 31 March 2014

	Notes	2014 £000	2013 £000
Turnover	2	2,457	2,459
Staff costs	3	(2,257)	(2,245)
Other external (charges) / income	4	(871)	904
Income from shares in group undertakings	8	785	13,182
Profit on ordinary activities before interest and tax	6	114	14,300
Interest receivable from group undertakings		5,863	3,601
Interest payable to group undertakings		(4,920)	(1,932)
Profit on ordinary activities before taxation		1,057	15,969
Taxation	7	-	-
Profit for the financial year	12	1,057	15,969

The results above relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 March 2014

There are no recognised gains or losses other than those shown in the profit and loss account.

Balance sheet

at 31 March 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Investments	8	61,413	61,413
Issue costs		-	335
		<u>61,413</u>	<u>61,748</u>
Current assets			
Debtors	9	136,665	67,078
		<u>136,665</u>	<u>67,078</u>
Creditors: amounts falling due within one year	10	(129,385)	(61,190)
Net current assets		<u>7,280</u>	<u>5,888</u>
Net assets		<u>68,693</u>	<u>67,636</u>
Capital and reserves			
Called up share capital	11	352	352
Share premium reserve	12	1,386	1,386
Capital reserve	12	31	31
Profit and loss account	12	66,924	65,867
Shareholders' funds	12	<u>68,693</u>	<u>67,636</u>

The financial statements were approved by the Board of Directors and were signed on its behalf by:



Simon Parsons

Director

12 December 2014

Notes to the financial statements

for the year ended 31 March 2014

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Going Concern

The financial statements have been prepared on a going concern basis as per Directors' report, which concludes that the company will be able to meet its liabilities as and when they fall due for the foreseeable future.

Group financial statements

The financial statements contain information about LGC (Holdings) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare group financial statements as it and its subsidiary undertakings are included by full consolidation in the group financial statements of LGC Science Group Limited, a company registered in England and Wales.

Statement of cash flows

In accordance with FRS1 (Revised), the company is exempt from the requirement to prepare a statement of cash flows as it is a wholly owned subsidiary of LGC Science Group Limited which presents publicly available group financial statements that incorporate the company.

Revenue recognition

Rendering of services

Revenue from services provided to subsidiary undertakings is recognised to the extent that the company obtains the right to consideration in exchange for its performance.

Interest income

Interest income is recognised as interest accrues using the effective interest method.

Dividends

Income from dividends is recognised when the company's right to receive payment is established.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to be refunded tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of retained earnings of subsidiaries and associates, only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences will reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

for the year ended 31 March 2014

1. Accounting policies (continued)

Fixed asset investments

Fixed asset investments are stated at cost. The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currency

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Capital instruments

Shares are included in shareholder's funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholder's funds.

The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate of the carrying amount.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced and accrued to the company's subsidiary undertakings in respect of services provided to these undertakings. All turnover in the year was generated in the UK.

3. Staff costs

	2014 £000	2013 £000
Wages and salaries	1,884	1,872
Social security costs	252	242
Other pension costs	121	131
	<u>2,257</u>	<u>2,245</u>

Staff costs include directors' remuneration as described in note 5.

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

	2014 No.	2013 No.
Administration and management	<u>11</u>	<u>11</u>

Notes to the financial statements

for the year ended 31 March 2014

4. Other external (charges) / income

	2014 £000	2013 £000
Amortisation of issue costs	(335)	(84)
Sundry items	(64)	-
Unrealised exchange (losses) / gains	(472)	988
	<u>(871)</u>	<u>904</u>

5. Directors' remuneration

The directors of the company are also directors of the parent undertaking and fellow subsidiary undertakings. Directors' remuneration in respect of their services to the group is shown in the financial statements of LGC Science Group Limited. The directors' remuneration is presented as part of staff costs in the profit and loss account. The following represents the net directors' remuneration after recharges to other group undertakings:

	2014 £000	2013 £000
Directors remuneration after recharges	<u>166</u>	<u>154</u>

6. Profit on ordinary activities before interest taxation

The profit on ordinary activities before interest and taxation for the year is entirely from continuing operations.

Auditor's remuneration was borne by another group undertaking.

7. Taxation

(a) Analysis of charge in year:

	Notes	2014 £000	2013 £000
UK corporation tax		-	-
Total tax charge for year		<u>-</u>	<u>-</u>

(b) Factors affecting current tax for the year:

	2014 £000	2013 £000
Profit on ordinary activities before taxation	<u>1,057</u>	<u>15,969</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	243	3,833
<i>Effects of:</i>		
Non-taxable income	(180)	(3,164)
Expenses not deductible for tax purposes	45	46
Group relief received for nil payment	(108)	(715)
Current tax for the year	<u>(a) -</u>	<u>-</u>

Notes to the financial statements

for the year ended 31 March 2014

7. Taxation (continued)

(c) Factors that may affect future tax charges:

The Chancellor announced in the Budget of 20 March 2013, that the main rate of UK corporation tax will fall to 20% from 1 April 2015. This follows the announcement in the pre-Budget Report that the main rate will fall to 21% with effect from 1 April 2014. A reduction in the corporation tax rate to 20% would reduce the Company's amount of any future cash tax payments.

8. Fixed asset investments

	£000
At 1 April 2013 and 31 March 2014	61,413

Details of material investments in which the company directly holds share capital is as follows:

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Type of shares</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
LGC Investments GmbH	Germany	Ordinary	100	Holding company
LGC Limited	England and Wales	Ordinary	100	Chemical and biochemical analysis consultancy and distribution of analytical reference standards
LGC North America Inc	USA	Ordinary	100	Holding company
LGC (North West) Limited	England and Wales	Ordinary	100	Holding company
LGC Science Group (Singapore) Pte Limited	Singapore	Ordinary	100	Holding company
LGC Standards AB	Sweden	Ordinary	100	Distribution of analytical reference standards
LGC Standards Sarl	France	Ordinary	100	Distribution of analytical reference standards
LGC Standards SL	Spain	Ordinary	100	Distribution of analytical reference standards
LGC Standards (South Africa) Pty. Limited	South Africa	Ordinary	100	Holding company
LGC Standards Spzoo	Poland	Ordinary	4*	Distribution of analytical reference standards
LGC (Teddington) Limited	England and Wales	Ordinary	100	Holding company
LGC Whirlwind Limited	England and Wales	Ordinary	79	Holding company
Promochem Limited	England and Wales	Ordinary	100	Dormant
University Diagnostics Limited	England and Wales	Ordinary	100	Dormant

* The remaining 96% of the shares are held by another group company

Notes to the financial statements

for the year ended 31 March 2014

8. Fixed asset investments (continued)

Dividends received during the year were as follows:

	2014 £000	2013 £000
LGC Investments GmbH	-	12,696
LGC Standards AB	354	71
LGC Standards Sarl	418	406
LGC Standards Spzoo	13	9
	<u>785</u>	<u>13,182</u>

9. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	<u>136,665</u>	<u>67,078</u>

The loans due from group undertakings bear interest at 8% (2013 - 8%) per annum and are repayable on demand.

10. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings	123,696	55,578
Accruals and deferred income	29	29
Deferred consideration	<u>5,660</u>	<u>5,583</u>
	<u>129,385</u>	<u>61,190</u>

The deferred consideration is in respect of the company's option to purchase additional shares in LGC Whirlwind Limited.

The loans due to group undertakings bear interest at 8% (2013 - 8%) per annum and are repayable on demand.

11. Share capital

	Authorised			
	2014 No.	2013 No.	2014 £000	2013 £000
Ordinary shares of £1 each	<u>352,190</u>	<u>352,190</u>	<u>352</u>	<u>352</u>
Allotted, called up and fully paid				
	2014 No.	2013 No.	2014 £000	2013 £000
Ordinary shares of £1 each	<u>352,190</u>	<u>352,190</u>	<u>352</u>	<u>352</u>

Notes to the financial statements

for the year ended 31 March 2014

12. Reconciliation of shareholder's funds and movements on reserves

	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Capital redemption reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 April 2012	352	1,386	31	49,898	51,667
Profit for the year	-	-	-	15,969	15,969
At 31 March 2013	352	1,386	31	65,867	67,636
Profit for the year	-	-	-	1,057	1,057
At 31 March 2014	352	1,386	31	66,924	68,693

13. Related party transactions

The company has taken advantage of the 100% owned subsidiary exemption available under FRS 8 not to disclose related party transactions with other members of the LGC Science Group Limited group.

During the year the company entered into transactions with LGC Whirlwind Limited which is a 79% owned company of the LGC Group. Transactions included the receipt of interest on an intercompany loan of £1,357k (2013: £1,263k). The intercompany loan receivable balance at year end was £28,229k (2013: £26,873k)

14. Parent undertaking and controlling party

The company's immediate holding company is LGC Investments Limited. The ultimate parent undertaking of the smallest and largest group of undertakings for which group accounts are drawn up and of which the company is a member is LGC Science Holdings Limited and LGC Science Group Limited respectively.

The majority shareholder of LGC Science Group Limited is Bridgepoint Europe IV (Nominees) Limited, which holds the shares for and on behalf of the Bridgepoint Europe IV Fund. Bridgepoint Advisers Limited, an FCA authorised entity, acts as manager for and on behalf of the Bridgepoint Europe IV Fund.

15. Other financial commitments

The company and other subsidiaries of LGC Science Investments Limited have provided guarantees and granted security to support the syndicated bank borrowing arrangements of LGC Science Investments Limited. These arrangements provide term loan and guarantee facilities which are repayable on 14 March 2020 and 14 March 2021, or earlier in the event of a change of control of the company. At 31 March 2014, total facilities amounted to the sterling equivalent of £305.0m (2013 - £210.8m), of which £275.5m (2013 - £166.7m) was drawn down.