

Registration number: 03286415

Scientifica Limited

Directors' Report and Financial Statements

for the year ended 31 December 2021

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Scientifica Limited

Company information

Directors	Mr M Lavelle (Chairman) Mr M Kemp (Managing Director) Mr D Cicurel Mr M Johnson Mr B Ormsby Ms R Santa
Secretary	Mr G Reece
Company number	03286415
Registered Office	52c Borough High Street London SE1 1XN
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 30 Finsbury Square London EC2A 1AG

Scientifica Limited

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Scientifica Limited

Directors' report for the year ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company in the year continued to be that of the design, manufacture and distribution of instruments for use in neuroscience research. The statement of comprehensive income is set out on page 8 and shows the profit for the year. The directors remain confident in the company's position in the market place and that it will continue to remain strong and profitable through forward looking management and operational planning.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements. See the Going concern accounting policy on page 11 for more details.

Directors

The directors who served during the year, and up to the date of completion of the accounts, are as stated below:

Mr D Cicurel
Mr M Johnson
Mr M Kemp (Managing Director)
Mr M Lavelle (Chairman)
Mr B Ormsby
Ms R Santa
Mr G Spink
Mr C Talbot

Resigned 1 April 2021
Resigned 30 June 2021

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Scientifica Limited

Directors' report for the year ended 31 December 2021

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

We will be appointing a new auditor for the audit of the 2022 financial statements following an extensive tender process in the second half of 2021. The Auditor, BDO UK LLP, has expressed a willingness to be appointed. In accordance with section 489(4) of the Companies Act 2006, a resolution to appoint BDO UK LLP will be proposed at the Annual General Meeting.

This report was approved by the board on 22 March 2022 and signed on its behalf by:



Mr G Reece
Secretary

Scientifica Limited
Company Registration Number: 03286415

Scientifica Limited

Strategic report for the year ended 31 December 2021

Principal activity

The principal activity of the company in the year continued to be that of the design, manufacture and distribution of instruments for use in neuroscience research.

Business review

Turnover for the year ended 31 December 2021 was £8,746,710 (2020: £9,895,053). Profit before tax for the year ended 31 December 2021 was £574,343 (2020: £457,529).

The directors remain confident in the company's position in the market place and that it will continue to remain strong and profitable through forward looking management and operational planning.

Principal risks and uncertainties

The company's customers are located in all parts of the globe and a major part of sales is to enterprises that are state-owned or closely tied to state spending. Accordingly, the prevailing uncertainties in the world economy, and particularly the financial constraints currently affecting many western nations, represent a risk to the company's prospects. In addition, exports are exposed to possible adverse impacts on the international competitiveness of the company's activities caused by fluctuations in exchange rates. The ultimate parent undertaking seeks, so far as is practicable, to mitigate these currency effects through the use of financial instruments.

Financial key performance indicators

The directors consider turnover and profit to be the key performance indicators.

The directors of the company do not consider that non-financial key performance indicators will assist in a greater understanding of the business.

Section 172 statement

The matters that the directors of the company are responsible for considering under Section 172 of the Companies Act 2006 have been considered by the directors of the parent company, Judges Scientific Plc, for the group as a whole. An explanation of how the directors of the group board have considered these matters is set out in the consolidated financial statements of Judges Scientific plc.

This report was approved by the board on 22 March 2022 and signed on its behalf by:



Mr G Reece
Secretary

Scientifica Limited
Company Registration Number: 03286415

Scientifica Limited

Independent Auditor's Report to the members of Scientifica Limited

Opinion

We have audited the financial statements of Scientifica Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, statement of changes in equity, and notes to the financial statements, 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 101 'Reduced Disclosure Framework', 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 company's affairs as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Scientifica Limited

Independent Auditor's Report to the members of Scientifica Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and Directors' report set out on pages 1 to 3 but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

Scientifica Limited

Independent Auditor's Report to the members of Scientifica Limited

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of how the company is complying with the legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes (where available) and review of legal and professional fees incurred in the year;
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant in the context of the Company are those related to the financial reporting framework, being FRS 101 and the Companies Act 2006;
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices;

Scientifica Limited

Independent Auditor's Report to the members of Scientifica Limited

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risk was in relation to revenue recognition;
- Our audit procedures included:
 - obtaining an understanding of the design and implementation of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on material manual journals, including those with unusual account combinations
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - testing the completeness of the Company's related party transactions;
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the report and accounts with the applicable financial reporting framework requirements;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement Director assessed whether the engagement team collectively had the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations through assessment of the team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; and
 - knowledge of the industry in which the client operates.

Use of our report

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

Grant Thornton

Krishan Sivathondan
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
22 March 2022

Scientifica Limited

Statement of comprehensive income for the year ended 31 December 2021

		2021 £	2020 £
	Notes		
Turnover	1	8,746,710	9,895,053
Raw materials and consumables		(4,884,263)	(6,033,260)
Other external charges		(584,547)	(472,828)
Staff costs	2	(2,455,656)	(2,851,820)
Depreciation		(199,999)	(213,319)
Amortisation		(2,274)	-
Other operating (charges)/credits		(20,843)	149,043
Operating profit	3	599,128	472,869
Interest payable and similar charges	4	(24,785)	(15,340)
Profit on ordinary activities before taxation		574,343	457,529
Tax on profit on ordinary activities	5	155,041	20,857
Profit for the financial year and total comprehensive income for the year		729,384	478,386

All of the activities of the company are classed as continuing.

The accompanying notes form an integral part of these financial statements.

Scientifica Limited

Balance sheet as at 31 December 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	6		234,986		105,277
Right-of-use leased assets	7		542,577		712,207
Intangible assets	8		79,577		-
			<u>857,140</u>		<u>817,484</u>
Current assets					
Stock	9	1,574,465		1,583,589	
Debtors	10	1,373,006		1,923,769	
Cash at bank and in hand		<u>1,510,319</u>		<u>1,757,050</u>	
		<u>4,457,790</u>		<u>5,264,408</u>	
Creditors: amounts falling due within one year					
Trade and other creditors	11	(1,732,287)		(1,621,355)	
Right-of-use lease liabilities	12	<u>(123,215)</u>		<u>(122,955)</u>	
		<u>(1,855,502)</u>		<u>(1,744,310)</u>	
Net current assets			<u>2,602,288</u>		<u>3,520,098</u>
Total assets less current liabilities			<u>3,459,428</u>		<u>4,337,582</u>
Deferred tax	13		190,523		39,517
Right-of-use lease liabilities: amounts falling due after more than one year	12		(433,527)		(590,059)
Total net assets			<u>3,216,424</u>		<u>3,787,040</u>
Capital and reserves					
Called up share capital	14		1,053		1,053
Share premium			60,685		60,685
Profit and loss account			<u>3,154,686</u>		<u>3,725,302</u>
Shareholders' funds - all equity			<u>3,216,424</u>		<u>3,787,040</u>

The financial statements were approved by the board of directors on 22 March 2022 and signed on its behalf by:

Brad Ormsby

Mr B Ormsby
Director

The accompanying notes form an integral part of these financial statements.

Scientifica Limited

Statement of changes in equity for the year ended 31 December 2021

	Share capital	Share premium	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2021	1,053	60,685	3,725,302	3,787,040
Dividend payable	-	-	(1,300,000)	(1,300,000)
Transactions with owners	-	-	(1,300,000)	(1,300,000)
Profit for the year	-	-	729,384	729,384
Total comprehensive profit for the year	-	-	729,384	729,384
Balance at 31 December 2021	1,053	60,685	3,154,686	3,216,424
Balance at 1 January 2020	1,053	60,685	3,746,916	3,808,654
Dividend payable	-	-	(500,000)	(500,000)
Transactions with owners	-	-	(500,000)	(500,000)
Profit for the year	-	-	478,386	478,386
Total comprehensive profit for the year	-	-	478,386	478,386
Balance at 31 December 2020	1,053	60,685	3,725,302	3,787,040

Scientifica Limited

Statement of accounting policies

General information

Scientifica Limited is a company limited by shares. It was incorporated in England and its registered office is 52c Borough High Street, London, SE1 1XN. The principal activity of the company during the year was the design, manufacture and distribution of instruments for use in neuroscience research.

Statement of compliance

The financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and are presented in Sterling (£).

Basis of preparation

The company meets the definition of a qualifying entity under FRS 101. The financial statements have therefore been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

As permitted by FRS 101, for both periods presented, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, share based payments, fair value measurements, comparative reconciliations for tangible and intangible assets, standards not yet effective, related party transactions with other wholly-owned members of the group and key management personnel compensation. Equivalent disclosures are, where required, given in the group accounts of Judges Scientific plc. The group accounts of Judges Scientific plc are available to the public.

The financial statements have been prepared on the historical cost basis.

Going concern

The financial statements have been prepared on a going concern basis. The company ended 2021 with cash of £1,510,319, compared with cash of £1,757,050 at the end of 2020. This is after payment of a dividend of £1,300,000. This arose through profitable and cash generative trading throughout the year.

The directors have considered the ongoing impact of the COVID-19 pandemic, and potential impacts of Brexit and the events in Ukraine. The company's financial position remains robust, with sufficient cash, no debt and a satisfactory order book. The directors have also performed reasonably possible stress testing on forecast cashflows, considering potential scenarios from the pandemic, Brexit and Ukraine and, as a result, consider that the company is appropriately placed to manage its business risks.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment the directors have considered the period until the end of March 2023 and therefore they continue to adopt the going concern basis in preparing the financial statements.

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Scientifica Limited

Statement of accounting policies

Judgements in applying accounting policies

- Capitalisation of development costs: Expenditure incurred in the development of major new products is capitalised as internally generated intangible assets only when it has been judged that strict criteria are met, specifically in relation to the products' technical feasibility and commercial viability (the ability to generate probable future economic benefits for the company). The assessment of technical feasibility and future commercial viability of development projects requires significant judgement particularly around whether a product in development will have a sufficient appeal to its niche market and also the level of marketplace competition. During 2021 the company capitalised £81,851 of expenditure on new or significantly improved products (2020: £nil), as per note 8.

Sources of estimation uncertainty

- Stock is carried at the lower of cost and net realisable value which requires an estimation of products' future selling prices. A provision is also recorded to reduce any slow-moving, obsolete or demonstration stock to net realisable value.
- Depreciation rates are based on estimates of the useful lives and residual values of the assets involved;
- Warranty provisions are based on estimates of the likely cost of repairing or replacing faulty units.

The principal accounting policies are set out below.

Turnover

In accordance with IFRS 15 'Revenues from Contracts with Customers', turnover is measured by reference to the fair value of consideration received or receivable by the company, excluding value added tax, in exchange for transferring the promised goods or services to the customer. The consideration is allocated to each separate performance obligation that is identified in a sales contract, based on stand-alone selling prices. Sales of instruments and spares, and sales of services, such as non-specialised installation and training, extended warranty, maintenance and service, contract testing, software licenses or consultancy are assessed to be separate performance obligations.

Turnover is recognised when (or as) the company satisfies the identified performance obligation. For sales of instruments, spares, installation, and one-off services the performance obligation is satisfied at a point in time; for turnover from other services, the performance obligation is satisfied over time. As the period of time between payment and performance is less than one year, the company does not adjust turnover for the effects of financing.

Turnover from sales of instruments and spares is recognised at the point at which the customer obtains control of the asset, which is on the point of despatch to the customer. Turnover from installations and one-off services is recognised at the point at which the installation or service is completed. For large, complex instruments which require highly specialised installation, turnover from both the instrument and installation is recognised at the point at which installation is completed.

Turnover from extended warranty, maintenance and testing contracts and software licenses is recognised rateably as the performance obligation to the customer is satisfied.

Scientifica Limited

Statement of accounting policies

Tangible fixed assets and depreciation

Fixed assets are initially recorded at cost. Depreciation is provided at annual rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Lease improvements:	over the minimum life of the lease
Computer equipment:	33% straight line on cost
Plant and machinery:	15% to 25% straight line on cost
Fixtures, fittings and equipment:	15% straight line on cost
Motor vehicles:	25% straight line on cost

Leasing

In accordance with IFRS 16, any contract entered into which contains an identified asset, whose use the company has the right to direct throughout the period of the lease, and the right to obtain substantially all of the economic benefits from, is accounted for as a lease. At lease commencement date, the company recognises a right-of-use leased asset and a lease liability on the balance sheet. The lease liability is measured at the present value of the total lease payments due over the life of the lease, discounted using the interest rate implicit in the lease if readily available, or at the company's incremental borrowing rate. The right-of-use asset is measured at cost, being the lease liability, plus any initial direct costs incurred by the company, or lease payments made in advance of the commencement date.

Right-of-use assets are depreciated on a straight-line basis to the end of the lease term.

The company assesses the right-of-use asset for impairment when such indicators exist. Lease liabilities are remeasured to reflect any reassessment or modification of the lease – when the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use leased asset, or in the statement of comprehensive income if the asset is already reduced to zero.

Stock

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

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.

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.

Pensions

The company operates defined contribution pension schemes for employees and directors. The assets of the schemes are held by investment managers separately from those of the company. Contributions payable are charged to the statement of comprehensive income.

Scientifica Limited

Statement of accounting policies

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of transaction. All differences are taken to the statement of comprehensive income.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of those temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except:

- where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity, or
- where items are recognised in other comprehensive income, in which case the related deferred tax is recognised in other comprehensive income.

Research and development

Research and development expenditure is recognised in the statement of comprehensive income as an expense as incurred until it can be demonstrated that the conditions for capitalisation under IAS 38 apply.

The criteria for capitalisation include demonstration that the project is technically and commercially feasible, the company has sufficient resources to complete development and the asset will generate probable future economic benefit. Assets capitalised are amortised on a straight line basis over three years from the start of the commercial sales life.

Provisions for warranty claims

Provisions for warranty claims are recognised when; the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are discounted where the time value of money is material.

Scientifica Limited

Statement of accounting policies

Government grants

Government grants are recognised at their fair value in the statement of comprehensive income over the same period as the costs to which the grants relate, and is only recognised once there is a reasonable assurance that the company has complied with the conditions of the grant and that the grant will be received.

Group accounts

These financial statements contain information about Scientifica Limited as an individual company and do not contain consolidated information as the parent of a group. The company is entitled to an exemption under Section 400 of the Companies Act 2006 from the obligation to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Judges Scientific plc, a company registered in the UK.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Profit and loss account" represents retained profits and losses.

Scientifica Limited

Notes to the financial statements for the year ended 31 December 2021

1. REVENUE

Turnover attributable to geographical markets outside the United Kingdom amounted to 81% for the year (2020: 92%).

Turnover of £8,746,710 (2020: £9,895,053) includes £8,443,966 (2020: £9,737,268) in respect of the sale of goods, recognised at a point in time, £171,423 (2020: £98,416) in respect of the sale of services, recognised at a point in time and £131,321 (2020: £59,369) in respect of the sale of services, recognised over time.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2021	2020
	£	£
Staff costs (including directors)		
Wages and salaries	2,235,965	2,520,170
Social security costs	207,470	247,221
Other pension costs	57,635	84,429
Capitalised development costs	(45,414)	-
	<u>2,455,656</u>	<u>2,851,820</u>
Average number of persons employed:	No.	No.
Directors	7	8
Manufacturing	21	25
Sales and administration	28	31
	<u>56</u>	<u>64</u>
Directors' emoluments:	£	£
Emoluments	339,353	363,545
Defined contribution pension scheme contributions	10,819	12,470
	<u>350,172</u>	<u>376,015</u>

During the year 4 directors participated in a money purchase pension scheme (2020: 4).

Emoluments of the highest paid director:	£	£
Emoluments	120,019	117,447
Defined contribution pension scheme contributions	4,728	4,400
	<u>124,747</u>	<u>121,847</u>

Scientifica Limited

Notes to the financial statements for the year ended 31 December 2021

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):	2021 £	2020 £
Depreciation of owned fixed assets	55,856	64,007
Depreciation of right-of-use leased assets	144,143	149,312
Amortisation of internally developed intangibles	2,274	
Auditor's remuneration - audit	11,897	11,330
Profit on disposal of fixed assets	-	(2,968)
Research and development	687,666	725,622
Foreign exchange loss/(gain)	24,486	(28,819)
Income from Government grants	<u>(3,642)</u>	<u>(120,224)</u>

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of its ultimate parent undertaking, Judges Scientific plc, are required to disclose non-audit fees on a consolidated basis.

Income from government grants relates to claims made under the UK government's Coronavirus Job Retention Scheme.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £	2020 £
Interest payable on right-of-use lease liabilities	<u>24,785</u>	<u>15,340</u>
	<u>24,785</u>	<u>15,340</u>

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Notes to the financial statements for the year ended 31 December 2021

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in year:	2021	2020
	£	£
Current tax		
Current tax on profits for the year	(4,035)	-
Adjustment in respect of prior years	-	(545)
Total current tax	<u>(4,035)</u>	<u>(545)</u>
Deferred tax		
Current year	(17,138)	(24,524)
Adjustment in respect of prior years	(88,159)	5,790
Effect of changes in tax rates	(45,709)	(1,578)
Total deferred tax	<u>(151,006)</u>	<u>(20,312)</u>
Tax per statement of comprehensive income	<u>(155,041)</u>	<u>(20,857)</u>

The credit for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2021	2020
	£	£
Profit on ordinary activities before tax	574,343	457,529
Tax on profit at standard UK tax rate of 19% (2020: 19%)	<u>109,125</u>	<u>86,930</u>
Effect of:		
Expenses not deductible	378	1,240
Tax rate changes	(45,709)	(1,578)
Utilisation of previously unrecognised losses	(9,172)	(39,298)
Tax effect of share options	(43,861)	(10,143)
R&D tax relief	(77,643)	(63,253)
Adjustment in respect of prior years	(88,159)	5,245
Tax per statement of comprehensive income	<u>(155,041)</u>	<u>(20,857)</u>

Scientifica Limited

Notes to the financial statements for the year ended 31 December 2021

6. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Motor vehicles £	Furniture, fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 January 2021	264,566	32,760	130,581	372,946	800,853
Additions	16,456	-	8,205	160,904	185,565
At 31 December 2021	281,022	32,760	138,786	533,850	986,418
Depreciation					
At 1 January 2021	259,826	13,285	87,834	334,631	695,576
Charge for the year	5,072	5,988	14,206	30,590	55,856
At 31 December 2021	264,898	19,273	102,040	365,221	751,432
Net book value					
At 31 December 2021	16,124	13,487	36,746	168,629	234,986
At 31 December 2020	4,740	19,475	42,747	38,315	105,277

7. RIGHT-OF-USE LEASED ASSETS

	Leasehold land and buildings £	Office equipment £	Total £
Cost			
At 1 January 2021	786,241	36,038	822,279
Remeasurement	51,226	-	51,226
At 31 December 2021	837,467	36,038	873,505
Depreciation			
At 1 January 2021	93,080	16,992	110,072
Charge for the year	135,647	8,496	144,143
Exit from lease	76,713	-	76,713
At 31 December 2021	305,440	25,488	330,928
Net book value			
At 31 December 2021	532,027	10,550	542,577
At 31 December 2020	693,161	19,046	712,207

Scientifica Limited

Notes to the financial statements for the year ended 31 December 2021

8. INTANGIBLE FIXED ASSETS

	Development costs £	Total £
Cost		
At 1 January 2021	-	-
Additions	81,851	81,851
At 31 December 2021	<u>81,851</u>	<u>81,851</u>
Amortisation		
At 1 January 2021	-	-
Charge for the year	2,274	2,274
At 31 December 2021	<u>2,274</u>	<u>2,274</u>
Net book value		
At 31 December 2021	<u>79,577</u>	<u>79,577</u>
At 31 December 2020	<u>-</u>	<u>-</u>

9. STOCK

	2021 £	2020 £
Raw materials	1,284,860	1,264,447
Work in progress	120,268	90,608
Demonstration stock	169,337	228,534
	<u>1,574,465</u>	<u>1,583,589</u>

In 2021, a total of £4,884,263 of inventories was included in the statement of comprehensive income as an expense (2020: £6,033,260). This includes a credit of £21,730 (2020: £136,328) resulting from write-downs of inventories. The carrying amount of inventories held at fair value less costs to sell is £169,337 (2020: £228,534).

10. DEBTORS

	2021 £	2020 £
Trade debtors	1,034,645	1,044,080
Amounts owed by group companies	4,322	533,808
Other debtors	166,500	172,510
Prepayments	171,574	173,371
	<u>1,377,041</u>	<u>1,923,769</u>

Trade debtors are stated after a provision of £nil (2020: £nil).

Scientifica Limited

Notes to the financial statements for the year ended 31 December 2021

11. CREDITORS

	2021 £	2020 £
Amounts falling due within one year		
Trade creditors	703,585	617,606
Amounts owed to group companies	218,731	120,489
Other creditors	118,599	296,443
Social security and other taxes	58,835	87,068
Accruals and deferred income	636,571	499,749
	<u>1,736,321</u>	<u>1,621,355</u>

12. RIGHT-OF-USE LEASE LIABILITIES

The company has lease liabilities primarily for its premises used in operations.

Maturity of right-of-use lease liabilities:	2021 £	2020 £
Due within one year	143,319	149,346
Due between one and five years	465,570	572,444
Due after more than five years	-	71,523
Total commitment	<u>608,889</u>	<u>793,313</u>
Interest charges included above	(52,147)	(80,299)
Net present value of lease liabilities	<u>556,742</u>	<u>713,014</u>
Current	123,215	122,955
Non-current	<u>433,527</u>	<u>590,059</u>

13. DEFERRED TAX

	£
At 1 January 2021	39,517
Credit for the year	62,847
Adjustment in respect of prior years	88,159
At 31 December 2021	<u>190,523</u>
Deferred tax balance relates to temporary differences as follows:	
Share options	173,154
Accelerated capital allowances	17,369
	<u>190,523</u>

Finance Act 2021 which was substantively enacted on 24 May 2021 included provisions to increase the corporation tax rate further to 25% effective from 1 April 2023 and this rate has been applied when calculating the deferred tax at the year end (2020: 19%).

Scientifica Limited

Notes to the financial statements for the year ended 31 December 2021

14. CALLED UP SHARE CAPITAL

	2021	2020
	£	£
Allotted, called up and fully paid		
1,053 Ordinary shares of £1 each	<u>1,053</u>	<u>1,053</u>

15. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Judges Scientific plc, the company is exempt from the requirements of FRS101 to disclose transactions within the group.

16. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of this company is Judges Scientific plc, which is incorporated in England and Wales. The only group undertaking for which consolidated accounts are prepared is that headed by Judges Scientific plc. Bank loans advanced to or guaranteed by Judges Scientific plc amounting at 31 December 2021 to £17,007,750 (2020: £21,214,750) are secured on the company's assets.