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Yorktest Laboratories Limited

Registered number: 03570476

Annual report and financial statements

For the year ended 31 December 2018

COMPANY INFORMATION

Directors	R D N Dawson J D Hall G R Hart
Company secretary	A G Secretarial Limited
Registered number	03570476
Registered office	Units 2-3 Triune Court Monks Cross Drive Huntington York YO32 9GZ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP
Bankers	HSBC 13 Parliament Street York YO1 8RS

YORKTEST LABORATORIES LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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

Directors' responsibilities statement

The directors are responsible for preparing 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 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 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 for the Company'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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Future developments

The directors are committed to improving the level of service given to the Company's customers through a wider range of product offerings and an increased focus on technological development.

Brexit

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy. The directors continue to monitor political developments which may impact upon the business. The directors are satisfied that the Company is well placed to manage risks which may arise from Brexit.

Results and dividends

The loss for the year, after taxation, amounted to £698,919 (2017 - profit £188,216).

Dividends amounting to £Nil (2017: £850,000) were paid during the year.

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

Directors

The directors who served during the year and, other than resigned directors, up to the date of this report were:

R D N Dawson (appointed 12 December 2018)
J D Hall
G R Hart
J Brookes (resigned 14 December 2018)
R F Jansen (resigned 12 December 2018)

Going concern

The financial statements have been prepared on a going concern basis. The directors have reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future and for a period of at least twelve months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Qualifying third party indemnity provisions

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company. This was in place during the year and up to the date of this report.

Disclosure of information to auditor

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

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

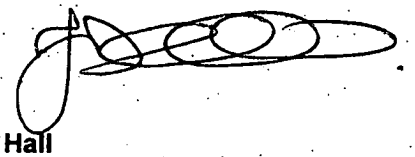
Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 26/09/2019 and signed on its behalf.



J D Hall
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKTEST LABORATORIES LIMITED

Opinion

We have audited the financial statements of Yorktest Laboratories Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 FRS 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 Company's affairs as at 31 December 2018 and of its loss 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.

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

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

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 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, 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKTEST LABORATORIES LIMITED

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 1, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

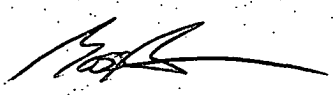
Auditor's responsibilities for the audit of the financial statements

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.

Use of the audit 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.



Ross Preston (Senior Statutory Auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: 26/09/2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	As restated 2017 £
Turnover	4	3,795,271	4,026,854
Cost of sales		(462,160)	(424,236)
Gross profit		3,333,111	3,602,618
Administrative expenses		(3,987,682)	(2,667,378)
Exceptional administrative expenses	9	-	(698,620)
Operating (loss)/profit	5	(654,571)	236,620
Interest payable and expenses		(53,589)	(28,551)
(Loss)/profit before tax		(708,160)	208,069
Tax on (loss)/profit	8	9,241	(19,853)
(Loss)/profit for the financial year		(698,919)	188,216

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 or 2017.

The notes on pages 9 to 26 form part of these financial statements.

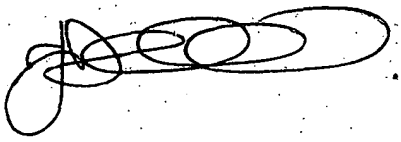
YORKTEST LABORATORIES LIMITED
REGISTERED NUMBER: 03570476

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note		2018 £		As restated 2017 £
Fixed assets					
Intangible assets	**10**		11,106		44,397
Tangible assets	**11**		193,667		101,238
			204,773		145,635
Current assets					
Stocks	**12**	114,264		82,424	
Debtors: amounts falling due within one year	**13**	180,681		168,375	
Cash at bank and in hand	**14**	219,646		606,183	
		514,591		856,982	
Creditors: amounts falling due within one year	**15**	(1,397,016)		(984,616)	
Net current liabilities			(882,425)		(127,634)
Total assets less current liabilities			(677,652)		18,001
Provisions for liabilities					
Deferred tax	**17**		(10,601)		(7,335)
Net (liabilities)/assets			(688,253)		10,666
Capital and reserves					
Called up share capital	**18**		75,002		75,002
Profit and loss account	**19**		(763,255)		(64,336)
			(688,253)		10,666

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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



26/09/2019

J D Hall
Director

The notes on pages 9 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018 (as previously stated)	75,002	(1,036)	73,966
Prior year adjustment	-	(63,300)	(63,300)
At 1 January 2018 (as restated)	75,002	(64,336)	10,666
Comprehensive income for the year			
Loss for the year	-	(698,919)	(698,919)
At 31 December 2018	75,002	(763,255)	(688,253)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017 (as previously stated)	75,000	3,651,712	3,726,712
Prior year adjustment	-	(47,911)	(47,911)
At 1 January 2017 (as restated)	75,000	3,603,801	3,678,801
Comprehensive income for the year			
Profit for the year (as restated)	-	188,216	188,216
Total comprehensive income for the year	-	188,216	188,216
Contributions by and distributions to owners			
Dividends: Equity capital	-	(850,000)	(850,000)
Shares issued during the year	2	-	2
Distribution to parent company	-	(3,006,353)	(3,006,353)
Total transactions with owners	2	(3,856,353)	(3,856,351)
At 31 December 2017 (as restated)	75,002	(64,336)	10,666

The notes on pages 9 to 26 form part of these financial statements.

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

1. General information

Yorktest Laboratories Limited, company number 03570476, is registered under the Companies Act in England and Wales. The company is incorporated in England and Wales.

The legal form of the company is that of a private company limited by shares.

The address of the registered office and principal place of business is:
Unit 2-3
Triune Court Monks Cross Drive
Huntington
York
YO32 9GZ

The principal activity of the company is the undertaking of testing for food intolerances.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Yorktest Group Limited as at 31 December 2018 and these financial statements may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future and for a period of at least twelve months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 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 Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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.

Revenue is not recognised until the laboratory has performed all necessary testing on the samples provided by the customer. Where it is more likely than not that the Company will have no further performance obligations after despatching a testing kit, revenue is recognised on despatch of the testing kit.

2. Accounting policies (continued)

2.6 Operating leases

Rentals paid under operating leases are charged to the 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.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	2 - 3 years

Amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

2. Accounting policies (continued)

2.13 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 Improvements	-	20.0%	straight line
Plant & machinery	-	12.5%	straight line
Fixtures & fittings	-	25.0%	straight line
Computer equipment	-	33.3%	straight line

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

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

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a last in, first out basis. Using an alternative methodology such as average cost or first in first out would not have a material effect on the carrying value of stock.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 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.

2.16 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.

2. Accounting policies (continued)

2.17 Creditors

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

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

2.19 Financial instruments

The Company 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 loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

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 management's best estimate, which is an approximation of the amount that the Company 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 Statement of Financial Position 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. Accounting policies (continued)

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the 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 judgements, 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 affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the accounting policies

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

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment associated with tangible and intangible assets, the directors have considered both external and internal sources of information such as market values, changes in technological, economic and legal environments and economic performance.

Key sources of estimation uncertainty

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

(i) Estimating value in use

Where an indication of impairment exists, the directors will carry out an impairment review to determine the recoverable amount of the asset, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and determine a suitable discount rate in order calculate present value.

4. Turnover

Analysis of turnover by country of destination:

	2018 £	As restated 2017 £
United Kingdom	3,228,994	3,324,991
Rest of Europe	262,708	352,194
Rest of the world	303,569	349,669
	3,795,271	4,026,854

The whole of the turnover is attributable to the principal activity of the Company.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	38,926	32,635
Amortisation of intangible assets	35,236	13,669
Other operating lease rentals	139,216	103,890
Defined contribution pension cost	36,944	17,922

6. Employees

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

	2018 £	2017 £
Wages and salaries	1,499,702	1,034,439
Social security costs	151,953	104,083
Cost of defined contribution scheme	36,944	17,922
	1,688,599	1,156,444

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

	2018 No.	2017 No.
Administration	34	28
Laboratory	9	10
	43	38

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	385,342	237,941
Company contributions to defined contribution pension schemes	12,545	8,598
	397,887	246,539

During the year retirement benefits were accruing to 2 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received emoluments of £269,774 (2017: £141,238) and pension contributions totalling £11,636 (2017: £4,297).

In addition to the directors' remuneration, Key Management Personnel charged £Nil (2017: £43,308) for services provided to the company during the year.

8. Taxation

	2018 £	As restated 2017 £
Corporation tax		
Current tax on profits for the year	(12,507)	24,679
Adjustments in respect of previous periods	-	(3,348)
	(12,507)	21,331
Deferred tax		
Origination and reversal of timing differences	3,266	(1,478)
Taxation on (loss)/profit on ordinary activities	(9,241)	19,853

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	As restated 2017 £
Profit on ordinary activities before tax	(708,160)	208,068
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(134,550)	40,053
Effects of:		
Expenses not deductible for tax purposes	10,238	9,163
Adjustments to tax charge in respect of prior periods	-	(3,348)
Deferred tax asset not recognised	112,314	-
Other differences leading to an increase/ (decrease) in the tax charge	2,757	(667)
Group relief	-	(25,348)
Total tax (credit)/ charge for the year	(9,241)	19,853

8. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted in September 2017 and has therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 17% (2017: 17%).

9. Exceptional items

	2018 £	2017 £
Management incentives	-	655,037
Legal and professional fees	-	43,583
	-	698,620

On 13 July 2017 Yorktest Group Limited acquired the entire share capital of Yorktest Laboratories Limited ("the Company") from Ingemino Finance Limited ("the Vendor"). As a result of this transaction the Company's Management were contractually entitled to one off incentive payments and the Company incurred legal and professional fees in the build up to the transaction as noted above.

10. Intangible assets

	Software £
Cost	
At 1 January 2018	264,942
Additions	1,945
At 31 December 2018	266,887
Amortisation	
At 1 January 2018	220,545
Charge for the year	35,236
At 31 December 2018	255,781
Net book value	
At 31 December 2018	11,106
At 31 December 2017	44,397

11. Tangible fixed assets

	Leasehold Property Improvements £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2018	-	308,005	108,889	96,898	513,792
Additions	77,812	21,119	518	31,907	131,355
At 31 December 2018	77,812	329,124	109,407	128,805	645,147
Depreciation					
At 1 January 2018	-	228,493	108,610	75,451	412,554
Charge for the year on owned assets	5,917	16,450	336	16,223	38,926
At 31 December 2018	5,917	244,943	108,946	91,674	451,480
Net book value					
At 31 December 2018	71,895	84,181	461	37,131	193,667
At 31 December 2017	-	79,512	279	21,447	101,238

12. Stocks

	2018 £	2017 £
Raw materials, consumables and finished goods	114,264	82,424

Stock recognised as an expense in the period totalled £301,871 (2017: £285,011). Stock was impaired by £6,079 during the year (2017: £Nil).

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

13. Debtors

	2018 £	2017 £
Trade debtors	80,401	85,118
Other debtors	40,479	798
Prepayments and accrued income	59,801	82,459
	180,681	168,375

14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	219,646	606,183

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

	2018 £	As restated 2017 £
Trade creditors	208,088	134,575
Amounts owed to group undertakings	719,141	618,500
Corporation tax	-	12,701
Other taxation and social security	85,642	44,342
Other creditors	4,095	3,472
Accruals and deferred income	380,050	171,026
	1,397,016	984,616

16. Financial instruments

	2018 £	As restated 2017 £
Financial assets		
Cash and Cash Equivalents	219,646	606,183
Financial assets measured at amortised cost	92,897	85,916
	312,543	692,099
Financial liabilities		
Financial liabilities measured at amortised cost	(1,307,279)	(924,102)

Financial assets measured at amortised cost comprise of trade debtors, other debtors and amounts due from group undertakings.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group companies and accruals and deferred income.

17. Deferred taxation

	2018 £
At beginning of year	7,335
Charged to profit or loss	3,266
At end of year	10,601

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	13,839	14,434
Other timing differences	(3,238)	(7,099)
	10,601	7,335

The accelerated capital allowances deferred tax provision will be released over the useful lives of the assets to which they relate. Deferred tax assets totalling £110,073 in respect of tax losses carried forward have not been recognised due to the uncertainty surrounding the magnitude of future profitability.

18. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
75,002 (2017 - 75,002) Ordinary shares of £1.00 each	75,002	75,002

19. Reserves

Profit & loss account

This reserve represents cumulative profits and losses less dividends paid.

20. Prior year adjustment

A prior year adjustment has been made to recognise deferred income within the financial statements. The adjustment reflects the ongoing performance obligations of the company after customers have been invoiced.

The value of deferred income now included within the Statement of Financial Position for 2017 and 2016 is £78,947 and £59,889 respectively. An associated corporation tax debtor of £15,647 and £11,978 has been included for 2017 and 2016 respectively. The net effect on the 2017 comparative Statement of Financial Position is a reduction in net assets totalling £63,300 and a reduction in profit after tax for 2017 totalling £15,389.

Revenue previously reported for the year ended 31 December 2017 has been reduced by £19,058 and the Corporation tax charge for the year has been reduced by £3,669.

21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £36,944 (2017: £17,922). Contributions totalling £4,094 (2017: £3,472) were payable to the fund at the balance sheet date.

22. Commitments under operating leases

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

	2018 £	2017 £
Land and Buildings		
Not later than 1 year	151,228	25,625
Later than 1 year and not later than 5 years	301,668	-
	452,896	25,625

	2018 £	2017 £
Other		
Not later than 1 year	2,040	2,040
Later than 1 year and not later than 5 years	3,740	2,720
	5,780	4,760

Operating lease costs charged to the Statement of Comprehensive Income during the year totalled £139,216 (2017: £103,890).

23. Related party transactions

The company has taken advantage of the exemptions available under Section 33 of FRS 102 from disclosing related party transactions with wholly owned entities which form part of the Yorktest Group Limited group.

During the year a shareholder of the Yorktest Group charged advisory fees of £16,500 and recharged expenses totalling £9,570. The shareholder also received a salary of £20,000 during the year. No comparable expense was incurred in the prior year.

CBPE Capital LLP, the former ultimate controlling party, charged the Company monitoring fees of £Nil (2017: £6,000) during the year.

During the year the Company advanced funds totalling £Nil (2017: £44,873) to Ingemino Finance Limited, its former immediate parent company. A loan balance due from Ingemino Finance Limited totalling £3,006,353 was waived by the Company during the prior year.

Dividends totalling £Nil (2017: £850,000) were declared during the year.

Key Management Personnel charged £Nil (2017: £43,308) for services provided to the Company during the year.

24. Controlling party

The company's immediate parent company is Yorktest Group Limited, a company incorporated in England and Wales.

The directors consider the ultimate controlling party to be Key Capital Partners LLP, a Partnership which controls the company indirectly via Key Capital Partners (Nominees) Limited.