

REGISTERED NUMBER: 03598020 (England and Wales)

Directors' Report and
Unaudited Financial Statements for the Year Ended 31 December 2021
for
Instem Scientific Solutions Limited

SATURDAY



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10/09/2022
COMPANIES HOUSE

Instem Scientific Solutions Limited
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Instem Scientific Solutions Limited

Company Information

DIRECTORS

G S Baxter
P J Reason
D M Sherwin
N J Goldsmith

SECRETARY

Oakwood Corporate Secretary Limited

REGISTERED NUMBER

03598020 (England and Wales)

REGISTERED OFFICE

Diamond Way
Stone Business Park
Stone
Staffordshire
ST15 0SD

Instem Scientific Solutions Limited

Directors' Report

For the year ended 31 December 2021

The directors present their report with the financial statements of Instem Scientific Solutions Limited for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company has not traded during the year.

REVIEW OF THE BUSINESS

During the year the Company made a loss of £nil (2020: loss £nil).

DIVIDENDS

The directors do not recommend payment of a dividend (2020: £nil).

POLITICAL DONATIONS

The Company made no political donations in 2021 or 2020.

DIRECTORS' RESPONSIBILITY UNDER GREEN HOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

The Company has reviewed the requirements of the Environmental Reporting guidelines. The Company does not qualify as large Company and therefore the Company is not required to prepare an Energy and Carbon Report.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

G S Baxter
P J Reason
D M Sherwin
N J Goldsmith

INDEMNITY OF DIRECTORS

Under the Company's Articles of Association and subject to the provisions of the Companies Act, the Company may and has indemnified all directors and other officers against liability incurred in the execution or discharge of their duties or the exercise of their powers, including but not limited to any liability for the costs of any legal proceedings. The Group has purchased and maintains appropriate Insurance cover against legal action brought against directors or officers.

GOING CONCERN

The Directors have assessed the Group's financial position and liquidity at the end of the reporting period and for the forecast period up to 31 August 2023. The going concern period covered the 12 months from the date of signing the Group's financial statements. For the going concern assessment please refer to page 10.

SECTION 479A OF THE COMPANIES ACT 2006

The Company has taken advantage of the exemption from audit of the financial statements under Section 479A of the Companies Act 2006. The Company's results are included in the audited, consolidated accounts of the parent company, Instem plc.

SUBSEQUENT EVENTS

Events occurring after the balance sheet date have been disclosed in accordance with IAS 10, 'Events after the reporting period'. Details are provided in note 7 to the Financial Statements.

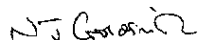
Instem Scientific Solutions Limited

Directors' Report

For the year ended 31 December 2021

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the board



N J Goldsmith

Director

31 August 2022

Instem Scientific Solutions Limited

Statement of Directors' Responsibilities

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 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 and profit or loss of the Company for that year.

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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

Instem Scientific Solutions Limited

Statement of Comprehensive Income
For the year ended 31 December 2021

	2021 £000	2020 £000
REVENUE	-	-
Other operating expenses	-	-
OPERATING LOSS	-	-
Interest payable and similar expenses	-	-
LOSS BEFORE TAXATION	-	-
Taxation	-	-
LOSS FOR THE YEAR	-	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	-	-

The notes on pages 8 to 13 form part of these financial statements.

Instem Scientific Solutions Limited

Statement of Financial Position

At 31 December 2021

	2021		2020	
	£000	£000	£000	£000
ASSETS				
CURRENT ASSETS				
Trade and other receivables	-		-	
TOTAL CURRENT ASSETS		-		-
TOTAL ASSETS		-		-
EQUITY				
Share capital	-		-	
Retained earnings	-		-	
TOTAL EQUITY		-		-
TOTAL EQUITY		-		-

The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2021.

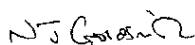
The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

The financial statements on pages 5 to 13 were approved by the board of directors and authorised for issue on 31 August 2022 and are signed on its behalf by:



N J Goldsmith
Director

Company Registration No. 03598020

The notes on pages 8 to 13 form part of these financial statements.

Instem Scientific Solutions Limited

Statement of Changes in Equity

	Share capital £000	Retained earnings £000	Total £000
Balance as at 1 January 2020	-	-	-
Loss for the financial year	-	-	-
Dividends	-	-	-
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2020	-	-	-
Loss for the financial year			
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2021	-	-	-
	<hr/>	<hr/>	<hr/>

The notes on pages 8 to 13 form part of these financial statements.

Instem Scientific Solutions Limited

Notes to the Financial Statements

1. STATUTORY INFORMATION

Instem Scientific Solutions Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England and Wales.

The address of the Company's registered office is Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 OSD, UK.

2. ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

BASIS OF PREPARATION

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC).

These financial statements of Instem Scientific Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). This framework is issued by the FRC incorporating The Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

The financial statements have been prepared on a going concern basis and prepared on the historical cost basis. Refer to the Going Concern note for further details.

The Company has taken advantage of the exemption from audit of the financial statements under Section 479A of the Companies Act 2006. The Company's results are included in the parent company's consolidated accounts.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;

Instem Scientific Solutions Limited

Notes to the Financial Statements

2. ACCOUNTING POLICIES - continued

- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

ADOPTION OF IFRS

The Company financial statements have been prepared in accordance with IFRS, IAS and International Financial Reporting Interpretations Committee (IFRICs) effective as at 31 December 2021. The Group and Company have chosen not to adopt any amendments or revised standards early.

IFRSs ADOPTED IN THE YEAR

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB which are all effective from 1 January 2021. The most significant of these are as follows:

- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Those standards, amendments to standards, and interpretations have been adopted and did not have a material impact on the accounting policies of the Company.

IFRSs ISSUED BUT NOT YET EFFECTIVE

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2022:

- Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities
- Amendments to IAS12 'Deferred tax' on deferred tax related to assets and liabilities arising from a single transaction
- IFRS 3 'Business combination', reference to the Conceptual Framework and IAS 37, 'Provisions', on onerous contracts
- A number of narrow-scope amendments to IFRS1, IAS 8, IAS16 and IAS17
- A number of annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Instem Scientific Solutions Limited

Notes to the Financial Statements

2. ACCOUNTING POLICIES - continued

GOING CONCERN

The Company's assessment for going concern relies on the financial position of by Instem plc (Group). A letter of support was provided by Instem plc and if the Company is in a difficult cash position, then the Group would become responsible for the going concern of the subsidiary.

Background

The Directors have adopted the going concern basis in preparing these financial statements after careful assessment of identified principal risks and the possible adverse impact on financial performance. The Directors have assessed the financial position and liquidity at the end of the reporting period and for the forecast period up to 31 August 2023, including sensitivity analysis. The going concern period covers the 12 months from the date of signing the financial statements. The process and key judgments in coming to this conclusion are set out below.

Current trading and liquidity

The Group's trading performance for the year ended 31 December 2021 has been strong with Revenues of £46.0m and Adjusted EBITDA of £8.3 m. Instem is fully operational, with all staff in all territories working from home in accordance with governmental guidelines, no staff were furloughed and there is no intention of curtailing any business activities. The company has continued to recruit staff across its geographic footprint.

The Group signed a new financing arrangement on 8 April 2022, which consists of a committed facility of £10.0m with HSBC UK Bank plc to support the Group's working capital needs and its acquisition strategy, which can be extended up to £20.0m if needed, subject to further bank approval. The financial covenants have been considered in the forecast to ensure compliance. As of 31 December 2021, the Group had a net overdraft facility of £0.5m and a gross facility of £9.0m with NatWest Bank plc. As of 31 December 2021, the net overdraft facility with NatWest Bank plc was undrawn (2020: undrawn).

Sensitivity Analysis

The Company has considered two scenarios the (a) Base Case Scenario and (b) Sensitised Scenario which are also linked to the company's risks when modelling the forecast results and cash flow.

Despite the negative impact of these sensitivities the model demonstrated that the Group remained viable, even though profitability and cash over the next twelve months was reduced. Finally, the Group is expected to remain a going concern even applying the extreme downside scenario sensitivity analysis throughout the forecast period to 31 August 2023, by taking sufficient remedial action.

Conclusion and Going Concern Statement

After considering the uncertainties described above, the directors have a reasonable expectation that the Group and consequently the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the Instem Scientific Solutions Limited annual report and accounts as a letter of support was provided by Instem plc, the Company's parent company.

INTEREST PAYABLE AND SIMILAR EXPENSES

Net finance costs include interest payable, arrangement and service fees, exchange losses (including exchange losses on the translation of inter-company funding balances), unwinding discount from future deferred consideration payments, finance charges on leases and net interest on pension scheme liabilities. Interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Instem Scientific Solutions Limited

Notes to the Financial Statements

2. ACCOUNTING POLICIES – continued

FINANCIAL INSTRUMENTS

Trade and other payables

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost.

Ordinary share capital

For ordinary share capital, the par value is recognised in share capital and the premium in the share premium reserve

RETAINED EARNINGS

The retained earnings reserve includes the accumulated profits and losses arising from the 'Statement of Comprehensive Income' and certain items from 'Other Comprehensive Income' attributable to equity shareholders net of distributions to shareholders.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

There are no significant judgements and estimates in respect of the Company's financial statements.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2021 nor for the year ended 31 December 2020.

The average number of persons (including directors) employed by the Company during the year was:

	2021 Number	2020 Number
Directors	4	4

The directors of the Company were remunerated in other companies within the Instem group during the year ended 31 December 2021 and 31 December 2020. There are no directors accruing pension benefits as at 31 December 2021 (2020: nil).

Instem Scientific Solutions Limited

Notes to the Financial Statements

4. TAXATION

	2021 £000	2020 £000
Income taxes recognised in profit or loss		
Current tax:		
UK corporation tax on loss of the year	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>
Deferred tax:		
Current year charge	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Total income charge recognised in the current year	-	-
	<hr/>	<hr/>

	2021 £000	2020 £000
The income tax charge can be reconciled to the accounting profit as follows:		
Loss before tax	-	-
	<hr/>	<hr/>
Loss multiplied by standard rate of corporation tax in the UK 19.0% (2020: 19.0%)	-	-
	<hr/>	<hr/>
Effects of:		
Group loss relief	-	-
	<hr/>	<hr/>
Total income tax charge recognised in statement of comprehensive income	-	-
	<hr/>	<hr/>

The UK corporation tax is calculated at the prevailing rate of 19%. Foreign tax liabilities are calculated at the prevailing tax rates applying in the overseas tax jurisdictions.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had been substantively enacted at the balance sheet date, its effects are included in these financial statements as a change from 19% to 25% on deferred tax.

Instem Scientific Solutions Limited

Notes to the Financial Statements

5. SHARE CAPITAL

	2021 £	2020 £
<i>Allotted, called-up and fully paid:</i>		
1 Ordinary share of £1 each	1	1
	<hr/>	<hr/>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

6. ULTIMATE PARENT COMPANY

The ultimate parent company is Instem plc, a company incorporated and registered in England and Wales. This is the smallest and largest group in which the results of the Company are consolidated. Instem Scientific Limited is the immediate parent undertaking of Instem Scientific Solutions Limited.

The consolidated financial statements of this company may be obtained from Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD, UK or at www.instem.com.

7. SUBSEQUENT EVENTS

No adjusting events have occurred between the 31 December 2021 reporting date and the date of approval of these financial statements.