

Registered Number: 04008521

Seal Analytical Limited
Annual report and financial statements
for the year ended 30 November 2020



Seal Analytical Limited

Annual report and financial statements for the year ended 30 November 2020

Contents

	Page
Directors and advisers for the year ended 30 November 2020	1
Strategic report for the year ended 30 November 2020	2
Directors' report for the year ended 30 November 2020	3
Independent auditor's report to the members of Seal Analytical Limited	7
Income statement for the year ended 30 November 2020.....	9
Balance sheet as at 30 November 2020	10
Statement of changes in equity for the year ended 30 November 2020.....	11
Accounting policies for the year ended 30 November 2020	12
Notes to the financial statements for the year ended 30 November 2020.....	17

Seal Analytical Limited

Directors and advisers for the year ended 30 November 2020

Directors

B D W Stocks

C P Tyler

M J Osborne

Company Secretary

S Rodgers

Registered office

7 Regis Place

Bergen Way

King's Lynn

Norfolk

PE30 2JN

Independent auditor

RSM UK Audit LLP

25 Farringdon Street

London

EC4A 4AB

Bankers

Barclays Bank plc

PO Box 885

Mortlock House

Station Road

Histon

Cambridge

CB24 9DE

Handelsbanken plc

First Floor

Futura House

Commerce Road

Lynchwood

Peterborough

PE2 6LR

Seal Analytical Limited

Strategic report for the year ended 30 November 2020

The Directors present the Strategic report of the Company for the year ended 30 November 2020.

Review of business and future developments

The Company is a trading company with two direct investments, Seal Analytical GmbH, incorporated in Germany, and Rohasys B.V., incorporated in the Netherlands; all three companies traded in line with expectations that had been revised for the effects of the Covid-19 pandemic for the year ended 30 November 2020. There was some slow down in ordering in the first half of 2020, but customer orders and production had returned to pre-pandemic levels by the end of the financial year.

Revenue of the Company remained similar to prior year at £634,000 (2019: £631,000); system sales increased, whereas consumable sales and service revenue decreased. The Company made a small operating profit of £14,000 (2019: loss of £5,000), which was ahead of expectations.

The Company adopted IFRS 16 'Leases' from 1 December 2019; this made no change to the net asset position of the Company on adoption and decreased profit by £1,000 in the first year of adoption.

Net assets increased over the year with £2.4 million at the start and £2.6 million at the end due to dividends received from investments of £0.2 million (2019: £2.3 million).

Key performance indicators

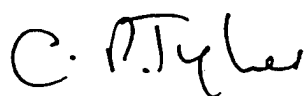
The Company considers its key performance indicators to be revenue growth, operating margin and profit before tax growth, measured against prior year. The Company is part of the Porvair plc group. Further discussion of the Company's key performance indicators, in the context of the group as a whole, including the Company, is provided in the Chairman's statement, Chief Executive's report and the Finance Director's review in Porvair plc's annual report and financial statements, which does not form part of this report.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Further discussion of the risks and uncertainties of the Company in the context of the Porvair group as a whole is provided, including a commentary on Brexit assessment, on pages 33 to 38 of Porvair plc's annual report and financial statements, which does not form part of this report.

The long-term implications of Covid-19 still remain uncertain, and potential effects include economic and operational uncertainty. The Directors feel that the Company is well positioned to address these risks and the impact of the pandemic on the business is not expected to be significant. This business has remained open while complying with social distancing procedures and government guidance. The business has a strong order book for deliveries in the second half of 2021, a resilient supplier network and a strong balance sheet with a significant cash balance of £0.9 million as at 31 May 2021.

Approved by the Board of Directors and signed on behalf of the Board



C P Tyler
Director
22 July 2021

Seal Analytical Limited

Directors' report for the year ended 30 November 2020

The Directors present their annual report and the audited financial statements of the Company for the year ended 30 November 2020.

Principal activities

Throughout the year the principal activity of the Company was the sale and servicing of water analysis equipment and related consumables.

The Company is a private company limited by shares and is incorporated and domiciled in England, part of the UK. The address of its registered office is 7 Regis Place, Bergen Way, King's Lynn, PE30 2JN.

Review of business and future developments

The level of sales of the Company and its investments during the year were consistent with the prior year, despite the headwind of the Covid-19 pandemic. The financial position at 30 November 2020 is in line with expectations.

Opportunities for developing the global position of Seal laboratory equipment continue to be explored. Further discussion of the business review and future developments, in the context of the Porvair group as a whole, including the Company, is provided in the Chairman's statement, Chief Executive's report and the Finance Director's review in the Porvair plc annual report and financial statements, which does not form part of this report.

Research and development

The Company continues a programme of development of its existing systems and new systems to support future growth opportunities. The development is largely completed in-house rather than through third parties.

Key performance indicators

The Company considers its key performance indicators to be: revenue growth, operating margin and profit before tax growth, measured against prior year. Further discussion of these key performance indicators, in the context of the group as a whole, including the Company, is provided in the Chairman's statement, Chief Executive's report and the Finance Director's review in the Porvair plc annual report and financial statements, which does not form part of this report.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Further discussion of these risks and uncertainties, in the context of the group as a whole, including the Company, is provided on pages 32 to 38 of the Porvair plc annual report and financial statements, which does not form part of this report.

The implications of Covid-19 have become clearer, but potential risks, including economic and operational uncertainties, remain. The Directors feel that the Company is well positioned to address these risks for the Company and its investments and the impact of the pandemic on the business is not expected to be significant. The business has remained open while complying with social distancing procedures and government guidance. The Company has a good order book for deliveries in the second half of 2021, a resilient supplier network and a strong balance sheet with a significant cash balance of £0.9 million as at 31 May 2021.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of liquidity risk, foreign exchange risk and credit risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the Company's finance department.

Seal Analytical Limited

Directors' report for the year ended 30 November 2020 (continued)

Financial risk management (continued)

Liquidity risk

The ultimate parent company ensures the Company has sufficient available funds for operations and planned growth.

Foreign exchange risk

The Company sells its products in both US dollars and Euros and is exposed to exchange rate movements. The exposure to exchange rate movements is partially mitigated by purchases in those currencies and intercompany loan balances, in addition to which the Company selectively enters into forward currency contracts via its parent company in relation to its principal foreign currency denominated revenues to reduce the impact of exchange rate movements.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

Charitable and political contributions

There were no charitable or political donations in the year (2019: £nil).

Results and dividends

The Company's results for the year are shown on page 9. The Company made a profit after tax for the financial year of £170,000 (2019: £2,352,000). The Company paid no dividend in the year (2019: £1,841,000). The Directors do not recommend any further payment of a dividend.

Directors

The Directors who were in office during the year and up to the date of signing the financial statements were as follows:

B D W Stocks

C P Tyler

M J Osborne (appointed 20 July 2021)

I Stirling (resigned 20 July 2021)

S Smith (resigned 1 July 2020)

Employment policies

The Company's employment policies encourage the provision of employment opportunities for disabled people, racial minorities and other disadvantaged groups. Also, the Company endeavours to provide continued employment and training of persons who become disabled while in the company's employment, and training, career development and promotion of disabled people. The Company endeavours to keep its employees well informed about the progress of their company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual 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), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Seal Analytical Limited

Directors' report for the year ended 30 November 2020 (continued)

Statement of Directors' responsibilities (continued)

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.

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.

Going concern

The effect of the Covid-19 pandemic on the Company is related to its effects on the group of operations that it owns. These operations' responses evolved through 2020 and continue to do so. In anticipation of recessionary pressure, spending was reduced across the Porvair group.

The group continues to undertake sensible capital expenditure, either to meet anticipated demand, increase margins or improve quality. Nevertheless, trading in the second half is difficult to predict and such actions as are necessary will be taken to preserve the group's financial position. Management priorities continue to be safeguarding the wellbeing of staff and to adjust operating activity to meet fast-changing patterns of demand and maintain balance sheet strength. The group continues to take all measures to ensure that it emerges robustly from the ongoing effects of the pandemic.

As at 30 November 2020 the Company had £98,000 (2019: £519,000) in cash and cash equivalents, having paid out £589,000 in contingent consideration during the year in relation to the acquisition of the shares of Rohasys B.V. The Company is currently forecasting to be profitable and cash positive for the 12 months from the date of this report and the foreseeable future, being a period of no less than 12 months from the date of signing of the financial statements.

The Directors have reviewed the cash flow forecast, which includes the directors' assessment of the impact of the Covid-19 pandemic, up to the period ending 24 months after the signing date. The forecast represents the Directors' best estimate of the Company's future performance and necessarily includes a number of assumptions, including the level of revenues, which are subject to inherent uncertainties. However, the forecast demonstrates that the Directors have a reasonable expectation that the Company will be able to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of these financial statements, even if trade falls to worst case scenario levels due to a Covid-19 related reduction in customer demand. In addition, the Company has the full financial support, including a letter of support, from its ultimate parent, Porvair plc.

Therefore, after due consideration of the risks and uncertainties, which include the impact of the Covid-19 pandemic, associated with the business of the Company and, having made appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources and has the ability to continue trading on normal terms of the business for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Seal Analytical Limited

Directors' report for the year ended 30 November 2020 (continued)

Directors' responsibility for provision of information to the Auditor

In accordance with Section 418 of the Companies Act 2006, each Director in office at the date the 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 each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Brexit

Discussion of the risks and uncertainties of Brexit, in the context of the group as a whole, including the Company, is provided on page 35 of the Porvair plc annual report and financial statements, which does not form part of this report.

Approved by the Board of Directors and signed on behalf of the Board,

A handwritten signature in black ink, appearing to be 'S J Rodgers', written in a cursive style.

S J Rodgers
Company secretary
22 July 2021

Seal Analytical Limited

Independent auditor's report to the members of Seal Analytical Limited

Opinion

We have audited the financial statements of Seal Analytical Limited (the 'company') for the year ended 30 November 2020 which comprise the Income Statement, 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 FRS 101 "Reduced Disclosure Framework" (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 30 November 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Seal Analytical Limited

Independent auditor's report to the members of Seal Analytical Limited (continued)

Matters on which we are required to report by exception

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.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

GRAHAM RICKETTS (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
Date: 22 July 2021

Seal Analytical Limited

Income statement for the year ended 30 November 2020

	Note	2020 £'000	2019 £'000
Turnover	1	634	631
Cost of sales		(352)	(366)
Gross profit		282	265
Distribution costs		(9)	(7)
Administrative expenses		(259)	(263)
Operating profit/(loss)	2	14	(5)
Interest payable	9	(2)	-
Income from subsidiaries	1	181	2,349
Profit before taxation		193	2,344
Tax on profit	5	(23)	8
Profit for the financial year		170	2,352

The results relate to continuing activities.

The Company has no comprehensive income or expenses other than the profit for the financial year and therefore no separate statement of comprehensive income has been presented.

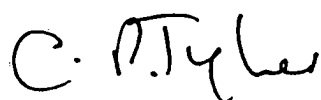
Seal Analytical Limited

Balance sheet as at 30 November 2020

Registered Number: 04008521

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	7	303	308
Tangible assets	8	4	2
Right of use assets	9	10	-
Investments	10	2,208	2,609
		2,525	2,919
Current assets			
Stocks	11	43	36
Debtors	12	95	107
Cash at bank and in hand		98	519
		236	662
Creditors: amounts falling due within one year	13	(175)	(739)
Net current assets/(liabilities)		61	(77)
Total assets less current liabilities		2,586	2,842
Creditors: amounts falling due after more than one year	14	-	(426)
Net assets		2,586	2,416
Capital and reserves			
Called up share capital	16	230	230
Share premium account		575	575
Profit and loss account		1,781	1,611
Total equity		2,586	2,416

The financial statements on pages 9 to 28 were approved and authorised for issue by the Board of Directors on 22 July 2021 and were signed on its behalf by:



C P Tyler
Director

Seal Analytical Limited

Statement of changes in equity for the year ended 30 November 2020

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Balance as at 1 December 2018	230	575	1,100	1,905
Profit for the financial year	-	-	2,352	2,352
Total comprehensive income	-	-	2,352	2,352
Transactions with owners:				
Dividends paid (note 6)	-	-	(1,841)	(1,841)
Total transactions with owners recognised directly in equity	-	-	(1,841)	(1,841)
Balance as at 30 November 2019	230	575	1,611	2,416
Profit for the financial year	-	-	170	170
Total comprehensive income	-	-	170	170
Transactions with owners:				
Dividends paid (note 6)	-	-	-	-
Total transactions with owners recognised directly in equity	-	-	-	-
Balance as at 30 November 2020	230	575	1,781	2,586

Seal Analytical Limited

Accounting policies for the year ended 30 November 2020

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis and under the historical cost convention, in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based payment (details of the number and weighted-average exercise prices of share options and how the fair value of goods or services received was determined);
- 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;
- paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 7 Financial Instruments: Disclosures;
- paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets (reconciliations between the carrying amount at the beginning and end of the period);
- paragraphs 10(d) (statement of cash flows), 10(f) (statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements), 16 (statement of compliance with all IFRSs), 38A (requirement for minimum of two primary statements, including cash flow statements), 38B-D (additional comparative information), 40A-D (requirements for a third statement of financial position), 111 (cash flow statement information) and 134 to 136 (capital management disclosures) of IAS 1 Presentation of Financial Statements;
- IAS 7 Statement of Cash Flows;
- paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- paragraph 17 of IAS 24 Related Party Disclosures (key management compensation);
- 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; and
- paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135 (e) of IAS 36 Impairment of Assets (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts).

Accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The Directors consider that there are no critical areas of judgement or complexity, or areas where assumptions and estimates are significant in the financial statements. No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 December 2019 have had a material impact on the Company.

Seal Analytical Limited

Accounting policies for the year ended 30 November 2020 (continued)

The principal accounting policies applied in the preparation of these financial statements are set out below:

Going concern

The Company meets its day-to-day working capital requirements through its cash reserves. The Company's forecasts and projections over the next 24 months, taking account of reasonably possible changes in trading performance, including a review of the impact of the Covid-19 pandemic on the business, show that the Company should be able to operate within the level of its current cash reserves. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has the full financial support, including a letter of support, from its ultimate parent, Porvair plc, and the Directors are confident the Company's group will exit the Covid-19 pandemic period ready to continue its strategic objectives. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Revenue recognition

Revenue is the total amount receivable from external customers for goods and services supplied in the ordinary course of business and excludes value added tax. Under IFRS15, each customer contract is assessed to identify the performance obligations. An assessment of the timing of revenue recognition is made for each performance obligation. Revenue is recognised at a point in time for all standard revenue transactions when control of the goods provided is transferred to the customer according to the International Commercial Terms of each contract. Revenue is also recognised at a point in time for service contracts when the agreed output is produced for the customer.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated so as to write down the cost, less estimated residual value, of tangible fixed assets by equal annual instalments over their expected useful lives, as follows:

Plant, machinery and equipment	25-33% straight line
--------------------------------	----------------------

Goodwill

Purchased goodwill represents the excess of the fair value of total purchase consideration over the fair value of the net assets acquired. This is capitalised as an intangible fixed asset at cost less accumulated impairment losses and reviewed annually for impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed. The Company is the only cash generating unit ("CGU") due to the fact that it constitutes the smallest identifiable group of assets that generate cash flows for the entity, by means of supplying water analysis goods and services to customers. The recoverable amount of the goodwill is based on value-in-use calculations. The calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period and cash flows beyond the three-year period are extrapolated using a 2% growth rate. The cash flow projections are discounted at the pre-tax rate at 30 November 2020 of 9.8%. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Based on the results of the current year impairment review, no impairment charges have been recognised by the Company in the year ended 30 November 2020. Having assessed the anticipated future cash flows, the Directors do not currently foresee any reasonable changes in assumptions that would have led to such an impairment charge in the year ended 30 November 2020.

Seal Analytical Limited

Accounting policies for the year ended 30 November 2020 (continued)

Intangible fixed assets

Software, process technology, know-how and design rights are measured initially at cost and then amortised over their estimated useful lives, which are deemed to be between 3 and 10 years, on a straight line basis.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's product development expenditure is recognised only if all of the following criteria are demonstrable:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use the intangible asset or to sell it;
- The way in which the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

All expenditure on the registration, renewal and maintenance of patents and trademarks is written off to the income statement as incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost of finished goods and work in progress includes all expenditure incurred in the normal course of business in bringing the stock to its present location and condition and overheads appropriate to the stage of manufacture. Cost is derived based on the weighted average cost of purchased materials. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

Leases

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before commencement date.

Lease liabilities are recorded at the present value of lease payments. Leases are discounted at the Company's incremental borrowing rate of 2.8%, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right of use assets are depreciated on a straight line basis over the lease term, or useful life if shorter. Interest is recognised on the lease liability, resulting in a higher finance cost in the earlier years of the lease term.

Lease payments relating to low value assets or to short term leases are recognised as an expense on a straight line basis over the lease term. Short term leases are those with 12 months or less duration. Low value assets are those below a cost of £4,000.

Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. All differences are taken to the income statement.

Seal Analytical Limited

Accounting policies for the year ended 30 November 2020 (continued)

Taxation

Current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that are relevant to the period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax is calculated at the tax rates which have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is recognised in the income statement, except when it relates to items recognised directly to other comprehensive income or directly to equity. In this case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

Pension contributions

The Company operates a defined contribution scheme for its employees. The pension costs charged in the financial statements represent the contributions payable by the Company during the year.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Consolidated financial statements

The financial statements present information about the Company as an individual undertaking and not about its Group. The Company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Porvair plc, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company.

Adoption of new and revised accounting standards

The Company adopted IFRS 16 'Leases' on 1 December 2019 using the modified retrospective approach. Until 1 December 2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 December 2019, leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Under IFRS 16, straight line operating lease expenses are replaced by the recognition of straight line depreciation of the right-of-use asset and interest charges on lease liabilities, which follow a reducing-balance profile. Because of this, there is earlier recognition of cost under IFRS 16 compared to the previous treatment under IAS 17; however, over the lifetime of each lease there will no change in the overall income statement impact or the cash paid out on it under the IFRS 16 or IAS 17 accounting treatment.

On implementation of IFRS 16 on 1 December 2019, the Company recognised right of use assets and corresponding lease liabilities of £79,000 and £77,000, respectively, with a small balancing adjustment made to prepayments. There was no impact on the Company's opening shareholders' funds as a result of adopting IFRS 16.

Seal Analytical Limited

Accounting policies for the year ended 30 November 2020 (continued)

Adoption of new and revised accounting standards (continued)

Reconciliation of closing and opening lease position at 1 December 2019

	£'000
Total operating lease commitments disclosed at 30 November 2019	36
Adjustments to commitment disclosures	45
Lease liabilities before discounting	81
Discounted using incremental borrowing rate	(4)
Lease liabilities recognised at 1 December 2019	77
Adjustments for prepaid rent at 1 December 2019	2
Right of use assets at 1 December 2019	79

Effect on profit of adoption of IFRS 16

12 months to
30 November 2020

	£'000
Rental lease charges under previous accounting standard	24
Depreciation of right of use assets	(23)
Increase in operating profit due to adoption of IFRS 16	1
Interest charge from finance liabilities	(2)
Decrease in profit before tax due to adoption of IFRS 16	(1)

Accounting standards in issue but not yet effective

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020

1 Turnover

Turnover is attributable to the principal activity of the Company, and is wholly generated from the United Kingdom. An analysis of turnover by geographical destination is given below:

	2020 £'000	2019 £'000
United Kingdom	592	575
Rest of Europe	31	56
	623	631

In addition to turnover, the Company received £181,000 (2019: £2,349,000) dividends in the year from its subsidiary undertaking in Germany.

2 Operating profit/(loss)

	2020 £'000	2019 £'000
Operating profit/(loss) is stated after charging:		
Depreciation of tangible fixed assets:		
Owned assets	1	2
Right of use assets	23	-
Amortisation	5	-
Inventory recognised as an expense	258	222
Operating lease rentals:		
Plant and machinery	-	6
Other	-	18
Research and development costs	76	77
Loss on foreign exchange transactions	5	5
Services provided by the Company's auditor		
The Company obtained the following services from the Company's auditor at costs detailed below:		
The audit of the Company financial statements pursuant to legislation	6	4

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020 (continued)

3 Employee information

The average monthly number of staff employed by the Company, excluding Directors, during the year by activity was as follows:

	2020 Number	2019 Number
Sales, service and technical	4	5
Administration	1	1
	5	6

The cost of employing those staff comprised the following:

	2020 £'000	2019 £'000
Wages and salaries	250	299
Social security costs	36	39
Other pension costs (see note 17)	28	34
	314	372

4 Directors' remuneration

None of the Directors received remuneration for their services to the Company (2019: none).

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020 (continued)

5 Tax on profit

	2020 £'000	2019 £'000
Current tax		
UK Corporation tax credit	(1)	(11)
Adjustments in respect of prior periods	23	-
Total current tax charge/(credit)	22	(11)
Deferred tax		
Origination and reversal of timing differences	1	3
Total deferred tax charge	1	3
Tax charge/(credit) on profit	23	(8)

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK at 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit before taxation:	193	2,344
 Tax at the standard UK Corporation tax rate of 19% (2019: 19%)	 37	 445
Effects of:		
Non-taxable dividend receivable	(34)	(446)
Adjustments in respect of prior periods	23	-
Permanent differences	(3)	(7)
Total tax charge/(credit) for the year	23	(8)

The standard rate of Corporation Tax in the UK was 19% during the year to 30 November 2020. Accordingly, the theoretical effective tax rate applied to the Company's profits for this accounting year is 19%.

The standard rate of Corporation Tax in the UK was 19% during the year to 30 November 2020. In the Spring Budget 2020 the Government announced that from 1 April 2020 the Corporation Tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. This 19% rate has been applied in these financial statements.

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020 (continued)

5 Tax on profit (continued)

In the Spring Budget 2021 the Government announced that from 1 April 2023, the Corporation Tax main rate will be increased to 25% for profits over £250,000. This has not yet been substantively enacted and its effect is not included in these financial statements. The overall effect of the change, had it been substantively enacted by the balance sheet date, would be immaterial.

6 Dividends

During the year, no dividends were declared and paid (2019: £8.00 per ordinary share), totalling £nil (2019: £1,841,000).

7 Intangible fixed assets

	Goodwill	Software	Process Technology, Know-how and Design Rights	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 December 2019	406	407	33	846
Disposal	-	(363)	-	(363)
At 30 November 2020	406	44	33	483
Accumulated amortisation				
At 1 December 2019	122	383	33	538
Disposal	-	(363)	-	(363)
Amortisation	-	5	-	5
At 30 November 2020	122	25	33	180
Net book value				
At 30 November 2020	284	19	-	303
At 30 November 2019	284	24	-	308

Goodwill represents the excess of the acquisition cost of a product range over its acquired book value.

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020 (continued)

8 Tangible fixed assets

	Plant, machinery and equipment
	£'000
Cost	
At 1 December 2019	79
Disposal	(10)
Additions	3
At 30 November 2020	72
Accumulated depreciation	
At 1 December 2019	77
Disposal	(10)
Charge for the year	1
At 30 November 2020	68
Net book value	
At 30 November 2020	4
At 30 November 2019	2

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020 (continued)

9 Right of use assets and Lease liabilities

Right of use assets

	Leasehold property £'000	Plant, machinery and equipment £'000	Total £'000
Cost			
At 30 November 2019	-	-	-
IFRS 16 adjustment	68	11	79
At 1 December 2019	68	11	79
Exit from leases	(46)	-	(46)
At 30 November 2020	22	11	33
Accumulated depreciation			
At 1 December 2019	-	-	-
Charge for the year	17	6	23
At 30 November 2020	17	6	23
Net book value			
At 30 November 2020	5	5	10
At 30 November 2019	-	-	-

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020 (continued)

9 Right of use assets and Lease liabilities (continued)

Lease liabilities

	Leasehold property £'000	Plant, machinery and equipment £'000	Total £'000
Cost			
At 30 November 2019	-	-	-
IFRS 16 adjustment	67	10	77
At 1 December 2019	67	10	77
Exit from leases	(45)	-	(45)
Lease payments	(19)	(6)	(25)
Interest on lease liabilities	2	-	2
At 30 November 2020	5	4	9

Analysed as:

Repayable within one year	5	4	9
Repayable after one year	-	-	-
Total	5	4	9

Lease liabilities mature as follows:

Minimum right of use liabilities falling due:

Within one year	5	4	9
Total Within one year	5	4	9
Total commitment	5	4	9
Less: finance charges included above	-	-	-
Net present value of lease liabilities	5	4	9

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020 (continued)

10 Investments

	Shares in group undertakings £'000
Cost at 1 December 2019 and 30 November 2020	2,703
Provision for impairment	
As at 30 November 2019	94
Impairment in the year	401
At 30 November 2020	495
Net book value at 30 November 2020	2,208
Net book value at 30 November 2019	2,609

The Directors have considered the carrying value of investments and have concluded that it is supported by their underlying net assets.

On 7 December 2017, the Company purchased 100% of the share capital of Rohasys B.V. ("Rohasys") in order to increase its offering in the laboratory market. At the time of acquisition, the total maximum consideration was €3,548,000 (£3,118,000); €896,000 (£787,000) of this was paid in cash on the acquisition date, together with €502,000 (£441,000) to settle its outstanding loan. The balance related to an earn-out that was contingent on meeting sales and profit targets and payable in cash instalments.

As at 30 November 2020, €1,594,000 (£1,403,000) of the initially accrued contingent consideration has been paid out and the investment has been reassessed to value it to the recoverable amount based on management's most reliable estimate of the performance of the acquired business. This has resulted in an impairment of the Rohasys investment and a reduction of accrued earn out by £401,000 in the year in 'Other payables'. As at 30 November 2020 no further payments are due to be paid.

The Company has the following subsidiary undertakings:

Subsidiary undertakings	Principal activity	Country of incorporation	% ordinary shares held and voting rights
Pulse Instrumentation GmbH	Sale of water analysis consumables	Germany †	100% *
Rohasys B.V.	Manufacture and sale of robotic sample handling systems	Netherlands ‡	100%
Seal Analytical GmbH	Manufacture and sale of water analysis equipment and related consumables	Germany †	100%

* shares owned by Seal Analytical GmbH. † Company registered at Werkstrasse 5, 22844 Norderstedt, Germany. ‡ Company registered at Provinciënbaan 4, 5121 DL Rijen, Netherlands.

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020 (continued)

11 Stocks

	2020	2019
	£'000	£'000
Finished goods	43	36
	43	36

12 Debtors

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	74	49
Other debtors	8	11
Deferred tax asset (note 15)	12	13
Corporation tax	1	34
	95	107

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020 (continued)

13 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	8	20
Other taxation and social security	20	9
Other creditors	-	563
Lease liabilities	9	-
Accruals and contract liabilities	138	147
	175	739

Included within the balance of 'Accruals and contract liabilities' are contract liabilities of £120,000 (2019: £124,000).

14 Creditors: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Other payables due between one to five years	-	426
	-	426

15 Deferred taxation

Deferred tax (assets)/liabilities	2020	2019
	£'000	£'000
Balance at 1 December	(13)	(16)
Charge to the income statement	1	3
Balance at 30 November	(12)	(13)
The deferred tax asset recognised in the financial statements comprises:		
Accelerated capital allowances	(11)	(12)
Short term timing differences	(1)	(1)
	(12)	(13)

There are no unprovided deferred tax assets or liabilities as at 30 November 2020 and 30 November 2019.

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020 (continued)

16 Share capital

	2020 £'000	2019 £'000
Authorised:		
600,000 (2019: 600,000) Ordinary shares of £1 each	600	600
	600	600
Allotted and fully paid		
230,115 (2019: 230,115) Ordinary shares of £1 each	230	230
	230	230

17 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund. Contributions payable by the Company to the scheme amounted to £29,000 (2019: £34,000). Amounts outstanding to be paid to the scheme at 30 November 2020 were £3,000 (2019: £2,000).

18 Operating lease commitments

At 30 November 2020 the Company had future aggregate minimum lease payments under non-cancellable operating leases expiring as follows:

	2020		2019	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
No later than one year	-	-	19	6
Later than one year and no later than five years	-	-	5	6
	-	-	24	12

On 1 December 2019, the Company adopted IFRS 16, which has the effect of reclassifying the operating leases shown in 2019 as lease liabilities (see note 9).

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2020 (continued)

19 Contingent liabilities

The Company has an unlimited cross-guarantee arrangement in respect of the bank borrowings of Porvair plc, Porvair Filtration Group Limited, Porvair Sciences Limited and Porvair Filtration Limited. At 30 November 2020, these net borrowings amounted to £10,682,000 (2019: £8,875,000).

20 Parent undertaking

The Company's ultimate parent undertaking and controlling party is Porvair plc, a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Porvair plc financial statements are available to the public and may be obtained from Porvair plc's company secretary at 7 Regis Place, Bergen Way, King's Lynn, Norfolk, PE30 2JN.

21 Related party transactions

The Company has taken advantage of the exemption in FRS101 not to disclose transactions with wholly owned subsidiaries of the Porvair plc group.