

Registered number: 04172701

EUROFINS SELCIA LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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EUROFINS SELCIA LIMITED

COMPANY INFORMATION

Directors	C Cornell A I Mills (resigned 31 March 2022) Dr J F Knecht
Company secretary	S Miles
Registered number	04172701
Registered office	i54 Business Park Valiant Way Wolverhampton WV9 5GB
Independent auditor	Mazars LLP Chartered Accountants and Statutory Auditor First Floor Two Chamberlain Square Birmingham B3 3AX
Bankers	HSBC Bank plc 60 Queen Victoria Street London EC4N 4TR

EUROFINS SELCIA LIMITED

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EUROFINS SELCIA LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

Eurofins Selcia Limited is a private company limited by shares, incorporated and domiciled in England and Wales.

Business review

Eurofins Selcia Limited is engaged in the custom preparation of radio chemicals and provides drug discovery services to the pharmaceutical industry. The Company utilises a proprietary screen technology to discover prototype compounds of therapeutic promise and subsequently applies its medicinal chemistry expertise and complementary capabilities to optimise the prototype compounds into candidate molecules for clinical development.

Principal risks and uncertainties

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Euro denominated loans from Eurofins Finance SA. The directors do not consider the Company's foreign currency risk sufficient to warrant a pro-active hedging policy.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company manages its credit risk through careful consideration of credit extended to customers and through good debt collection practices.

Liquidity risk

The Company has performed a detailed review of its liquidity risk and concluded that it is capable of honouring its debts. However, in regards to the current economic environment it should be noted that the Company is compliant with the criteria of the most important respective lines of credit and at this time do not anticipate any particular liquidity problems or issues regarding the financial covenants within the next twelve months.

Key performance indicators

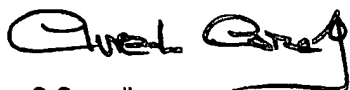
	2021	2020
	£000	£000
Turnover	9,579	9,987
Operating profit	1,622	1,324
Operating profit %	17%	13%
Employee numbers	56	57
Turnover per employee	171	175
Cash and cash equivalents	249	392

EUROFINS SELCIA LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

The results for the year were satisfactory and in line with management forecasts.

This report was approved by the board on **29th APRIL 2022** and signed on its behalf.



C Cornell
Director

EUROFINS SELCIA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

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

Principal activity

Eurofins Selcia Limited's principal activity is as a Contract Research Organisation engaged in the custom preparation and analytical certification of radiochemicals and radiolabelled test items for use in research, development, and regulatory studies in the life sciences and chemical industries. These include the pharmaceutical, biotechnology, crop protection, animal health, food and nutrition, flavours and fragrances, household, personal care and cosmetic industries.

Results and dividends

The profit for the year, after taxation, amounted to £1,547,000 (2020 - £1,052,000).

There were dividends of £1,052,000 paid during the year (2020 - £579,000). The directors recommend a final dividend of £Nil (2020 - £Nil).

Directors

The directors who served during the year were:

C Cornell
A I Mills (resigned 31 March 2022)
Dr J F Knecht

EUROFINS SELCIA LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Russia sanctions

Eurofins Selcia is a leading service provider of carbon-14 radiolabelled test items as enabling tools to the global life-science industries as our core business. The entire global supply of carbon-14 raw materials is currently dependent upon a sole manufacturer based in Russia, who to the best of our knowledge is not currently the target of sanctions. Eurofins Selcia maintains a significant inventory of key carbon-14 radiolabelled starting materials and can mitigate the short to medium-term impact of any carbon-14 raw material supply chain constraints. The carbon-14 raw material supply chain is under constant review but the longer term impacts on our business are difficult to define at the current time and may impact on our business going forward into 2023.

Brexit impact

The effects of the United Kingdom's withdrawal from the European Union have been largely mitigated by increasing buffer stocks of key consumables and PPE, through dialogue with suppliers and careful management of projects for trade customers and overall we have seen a minimal impact on the business. There are some ongoing concerns related to the timeliness of approvals required for dispatch of manufactured products to certain EU countries but generally shipments to customers in the EU go smoothly.

COVID-19 impact

The impact of coronavirus on the business has been largely mitigated through thorough risk assessments leading to the implementation of rigorous safeguards and mitigation procedures to reduce the risk of infection and onward transmission of the virus within the workplace. Through careful management and employee engagement the Company has remained operational throughout the global pandemic with relatively little disruption to the business. After a successful roll out of the UK's vaccination programme we are optimistic for the future while remaining prepared for the possibility of new variants should they arise. Long-term consequences for the business cannot be ruled out at this time.

Future developments

Eurofins Selcia's core business is as a specialist contract research organisation providing the custom synthesis and certification of radiolabelled test items. Our products are used as enabling tools by a diverse, global customer basis across the life-science, industrial chemicals and contract research industries. We operate in a competitive market by providing a high-quality, collaborative and science-driven approach with our new and returning customers.

The business expects to perform well with gross margin and EBITDA in line with budget forecasts and continues to grow in key target market segments.

The Company's ongoing volume of quotations issued and our pipeline of confirmed bookings for our services remains high.

We will continue to invest in new, modern synthesis equipment and analytical instrumentation to increase the operational efficiency and capabilities of our customer service offering. Investments in IT infrastructure are planned to enhance efficiency and cybersecurity whilst facility enhancements have been budgeted towards our medium-term environmental sustainability goals.

Research and development activities

The Company continued drug discovery services to the pharmaceutical industry during the year.

EUROFINS SELCIA LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Matters covered in the strategic report

The Company has chosen in accordance with the Companies Act 2006, s. 414C(11) to set out in the Company's strategic report information required by the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' 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.

Post balance sheet events

There were no significant events after the balance sheet date.

Directors' duties

The directors are aware of their duty to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders and other stakeholders. In doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between members of the Company.

Going concern

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt the ability of this company to continue as a concern or its ability to continue with current banking arrangements.

Auditor

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

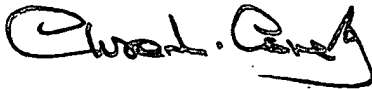
Small companies note

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

EUROFINS SELCIA LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

This report was approved by the board on 2nd APRIL 2022 and signed on its behalf.



C Cornell
Director

EUROFINS SELCIA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROFINS SELCIA LIMITED

Opinion

We have audited the financial statements of Eurofins Selcia Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

EUROFINS SELCIA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROFINS SELCIA LIMITED (CONTINUED)

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 contained within the annual report. 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.

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 course of 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.

Opinion 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.

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.

EUROFINS SELCIA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROFINS SELCIA LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements are employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

EUROFINS SELCIA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROFINS SELCIA LIMITED (CONTINUED)

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:


- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.


Elisa Howe (May 4, 2022 10:25 GMT+1)

Elisa Howe (Senior Statutory Auditor)
for and on behalf of
Mazars LLP
Chartered Accountants and Statutory Auditor
First Floor
Two Chamberlain Square
Birmingham
B3 3AX
Date:

EUROFINS SELCIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover	4	9,579	9,987
Cost of sales		(2,335)	(2,641)
Gross profit		7,244	7,346
Distribution costs		(172)	(153)
Administrative expenses		(6,032)	(6,623)
Other operating income	5	582	754
Operating profit	6	1,622	1,324
Interest payable and similar expenses	10	(75)	(57)
Profit before tax		1,547	1,267
Tax on profit	11	-	(215)
Profit for the financial year		1,547	1,052

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 15 to 32 form part of these financial statements.

EUROFINS SELCIA LIMITED
REGISTERED NUMBER: 04172701

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	13	2,930	1,876
		<u>2,930</u>	<u>1,876</u>
Current assets			
Stocks	14	2,018	1,366
Debtors: amounts falling due within one year	15	6,627	5,994
Cash at bank and in hand	16	249	392
		<u>8,894</u>	<u>7,752</u>
Creditors: amounts falling due within one year	17	(3,688)	(3,073)
		<u>5,206</u>	<u>4,679</u>
Net current assets		<u>5,206</u>	<u>4,679</u>
Total assets less current liabilities		<u>8,136</u>	<u>6,555</u>
Creditors: amounts falling due after more than one year	18	(1,611)	(563)
		<u>6,525</u>	<u>5,992</u>
Provisions			
Decommissioning provision	20	(513)	(475)
		<u>(513)</u>	<u>(475)</u>
Net assets		<u>6,012</u>	<u>5,517</u>
Capital and reserves			
Called up share capital	21	161	161
Share premium account	22	205	205
Profit and loss account	22	5,646	5,151
		<u>6,012</u>	<u>5,517</u>

EUROFINS SELCIA LIMITED
REGISTERED NUMBER: 04172701

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

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



C Cornell
Director

The notes on pages 15 to 32 form part of these financial statements.

EUROFINS SELCIA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2020	161	205	4,678	5,044
Comprehensive income for the year				
Profit for the year	-	-	1,052	1,052
Total comprehensive income for the year	-	-	1,052	1,052
Dividends	-	-	(579)	(579)
Total transactions with owners	-	-	(579)	(579)
At 1 January 2021	161	205	5,151	5,517
Comprehensive income for the year				
Profit for the year	-	-	1,547	1,547
Total comprehensive income for the year	-	-	1,547	1,547
Dividends	-	-	(1,052)	(1,052)
Total transactions with owners	-	-	(1,052)	(1,052)
At 31 December 2021	161	205	5,646	6,012

The notes on pages 15 to 32 form part of these financial statements.

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Eurofins Selcia Limited is a private company limited by shares, registered in England and Wales and domiciled in England. The registered office can be found on the Company information page. The financial statements of the Company for the year ended 31 December 2021 were authorised for issue in accordance with the resolution of the directors.

The financial statements are prepared in Sterling, which is considered to be the functional currency of the Company, and are rounded to the nearest £1,000.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- 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 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- 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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 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 paragraph 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

For certain disclosure exemptions listed above, the equivalent disclosures are included in the consolidated financial statements of Eurofins Scientific SE which are available to the public and can be obtained as set out in note 26.

2.3 Going concern

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt the ability of this company to continue as a concern or its ability to continue with current banking arrangements.

In view of the above the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

EUROFINS SELCIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 Right of use asset

(a) Leases

The leases relate to motor vehicles and building leases. The total cash out flows from the leases relate to rental payments which are replaced with depreciation on the application of IFRS 16 and capitalised as fixed right of use assets and the lease liability disclosed as a lease creditor.

(b) Right-of-use and lease liabilities measurement

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments
- Variable lease payments that are based on a fixed rate
- Future increases based on variable indices are not included as they require estimates and forecasts which are either not readily available or the cost of forecasting outweighs any benefits to the reader of the accounts.

The lease payments are discounted using the weighted average incremental borrowing rate on lease liabilities as of 31 December 2021 of 2.89%.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- Restoration costs, if any

(c) Impairment test

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

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 'other operating income'.

2.6 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. The following criteria must also be met before revenue is recognised:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

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, which range from 3 to 6 years.

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.

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 Taxation 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 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.

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 improvements	- Shorter of underlying lease end and 10 years
Plant and machinery	- 5 years
Assets in progress	- not depreciated

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.

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 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 first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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 the Statement of Comprehensive Income.

2.13 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.

2.14 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 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.

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.17 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables.

Impairment provisions are also recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision as what is then described as a known credit losses approach.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

2.18 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.

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.19 Decommissioning provision

The Company has recognised a provision for its obligations for future radiological decommissioning costs of its facility over the period of the lease.

The provision recognised represents the best estimate of the expenditures required to settle the present obligation at the year end date. Such cost estimates are discounted at 31 December 2021 using a pre-tax discount rate of 7.9%. The initial discounted cost amounts are capitalised as part of property, plant and equipment and are depreciated over the period of the lease, 10 years. Each year, the provisions are increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with the charges being presented in the income statement on the line interest payable.

While the Company has made its best estimate in establishing its decommissioning provisions, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning, the ultimate provision requirements could vary significantly from the Company's current estimates.

Changes in a decommissioning liability that result from a change in the current best estimate of timing and/or amount of cash flows required to settle the obligation or from a change in the discount rate are added to (or deducted from) the amount recognized as the related asset. However, to the extent that such a treatment would result in a negative asset, the effect of the change is recognised in the income for the current period.

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

ROU lease term

In determining the lease term, management consider all the facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Considerations are made in light of the willingness to maintain a certain degree of flexibility in the management of its real estate portfolio allowing for a quick response in case of changes in markets trends and needs. Determining the lease term according to IFRS 16 involves judgements. In the process of applying the Company's accounting policies described above, management has made the following judgments that have significant effect on the amounts recognised in the financial statements (apart from those involving estimates, which are dealt with in the following paragraphs).

Estimates and assumptions

In the process of applying the Group's accounting policies described above, management has made the following estimates and key assumptions:

Decommissioning provision

The directors believe the decommissioning provision to be an area of estimation uncertainty. This has been discussed above in note 2.19.

Other provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it can't be guaranteed that additional costs will not be incurred beyond the amounts accrued as showing in note 17.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed annually and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 13.

Impairment of accounts receivable

Impairment provisions are also recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. Any impairments are shown within note 15.

Discount rate for right-of-use assets

Discount rate for right of use assets - The incremental borrowing rate is estimated by the Eurofins Group Treasury Function using the weighted average cost of capital adjusted for the UK market. This rate is set at 2.89%.

EUROFINS SELCIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Turnover

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

Analysis of turnover by country of destination:

	2021	2020
	£000	£000
United Kingdom	9,579	9,987
	9,579	9,987

5. Other operating income

	2021	2020
	£000	£000
Research and development tax credit receivable	582	754
	582	754

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£000	£000
Depreciation of tangible fixed assets	658	972
Exchange differences	26	116
Defined contribution pension cost	182	183

EUROFINS SELCIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>13</u>	<u>12</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	<u>-</u>	<u>3</u>
	<u>-</u>	<u>3</u>

8. Employees

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

	2021 £000	2020 £000
Wages and salaries	2,962	3,034
Social security costs	308	290
Cost of defined contribution scheme	182	183
	<u>3,452</u>	<u>3,507</u>

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

	2021 No.	2020 No.
Operational, management and administration	<u>56</u>	<u>57</u>

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	149	133
Company contributions to defined contribution pension schemes	9	9
	<u>158</u>	<u>142</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

10. Interest payable and similar expenses

	2021 £000	2020 £000
Other loan interest payable	5	7
Finance leases and hire purchase contracts	32	20
Other interest payable	38	30
	<u>75</u>	<u>57</u>

11. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	-	215
	<u>-</u>	<u>215</u>
Total current tax	<u>-</u>	<u>215</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>215</u>

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	1,547	1,265
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	294	240
Effects of:		
Capital allowances for year in excess of depreciation	(13)	-
Adjustments to tax charge in respect of prior periods	(11)	104
Short term timing difference leading to an increase (decrease) in taxation	-	(1)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(12)
Changes in provisions leading to a decrease in the tax charge	(6)	(12)
Use of recognised losses	(264)	(104)
Total tax charge for the year	-	215

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

The directors have paid dividends for the year ended 31 December 2021 of £1,052,000 (2020 - £579,000). A final dividend of £Nil (2020 - £NIL) is proposed.

EUROFINS SELCIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Tangible fixed assets

	Leasehold improvements £000	Plant and machinery £000	Assets in progress £000	ROU - Land and Buildings £000	Total £000
Cost					
At 1 January 2021	2,658	3,026	-	1,460	7,144
Additions	14	262	4	2,009	2,289
Disposals	-	-	-	(1,434)	(1,434)
At 31 December 2021	<u>2,672</u>	<u>3,288</u>	<u>4</u>	<u>2,035</u>	<u>7,999</u>
Depreciation					
At 1 January 2021	2,075	2,697	-	496	5,268
Charge for the year on owned assets	92	193	-	373	658
Disposals	-	-	-	(857)	(857)
At 31 December 2021	<u>2,167</u>	<u>2,890</u>	<u>-</u>	<u>12</u>	<u>5,069</u>
Net book value					
At 31 December 2021	<u>505</u>	<u>398</u>	<u>4</u>	<u>2,023</u>	<u>2,930</u>
At 31 December 2020	<u>583</u>	<u>329</u>	<u>-</u>	<u>964</u>	<u>1,876</u>

14. Stocks

	2021 £000	2020 £000
Raw materials and consumables	<u>2,018</u>	<u>1,366</u>

EUROFINS SELCIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Debtors

	2021	2020
	£000	£000
Trade debtors	1,379	1,475
Amounts owed by group undertakings	2,634	2,472
Other debtors	58	-
Prepayments and accrued income	1,436	1,065
Tax recoverable	1,120	982
	<u>6,627</u>	<u>5,994</u>

16. Cash and cash equivalents

	2021	2020
	£000	£000
Cash at bank and in hand	<u>249</u>	<u>392</u>

17. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	666	437
Lease liabilities	377	383
Amounts owed to group undertakings	19	245
Other taxation and social security	81	200
Obligations under finance lease and hire purchase contracts	-	36
Other creditors	42	40
Accruals and deferred income	2,503	1,732
	<u>3,688</u>	<u>3,073</u>

18. Creditors: Amounts falling due after more than one year

	2021	2020
	£000	£000
Lease liabilities	<u>1,611</u>	<u>563</u>

Hire purchase obligations are secured against the asset to which they relate.

EUROFINS SELCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. Hire purchase and finance leases

Future minimum lease payments:

	2021 £000	2020 £000
Within one year	-	36
	<u>-</u>	<u>36</u>

20. Provisions

The Company has established provisions to recognise its estimated liabilities for decommissioning as described in note 2. A related asset has also been recognised and included within fixed assets as presented in note 13.

	Decommissioning provision £000
At 1 January 2021	475
Charged to the Statement of Comprehensive Income	38
At 31 December 2021	<u>513</u>

The charge to the Statement of Comprehensive Income is the unwinding of discount.

21. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
3,210,000 (2020 - 3,210,000) Ordinary shares of £0.05 each	<u>161</u>	<u>161</u>

EUROFINS SELCIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. Reserves

Share premium account

The amount received for share issues above the par value of the shares.

Profit and loss account

The profit and loss account represents cumulative gains and losses recognised in the income statement together with those gains or losses required to be taken directly to equity.

23. 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 £182,000 (2020 - £183,000). Contributions totalling £42,000 (2020 - £40,000) were payable to the fund at the reporting date and are included in creditors.

24. Related party transactions

The Company did not enter into any related party transactions other than with group undertakings that are wholly owned members of the same group.

25. Post balance sheet events

There were no significant events after the balance sheet date.

26. Controlling party

Eurofins Agrosience Services UK Holding Limited, is the immediate parent company.

The ultimate parent and controlling party is Eurofins Scientific SE, a company incorporated in Luxembourg. Eurofins Scientific SE is the only company to consolidate the financial statements of Selcia Limited.

A copy of the group financial statements prepared by Eurofins Scientific SE can be obtained from:
Eurofins Scientific SE
23 Val Fleuri
L-1526, Luxembourg