

LGC Science Group Holdings Limited

Parent for:
4651692.

Registration number: 09903564

LGC Science Group Holdings Limited

Annual report and accounts

For the year from 1 April 2019 to 31 March 2020



2019-2020

LGC Science Group Holdings Limited

Key Highlights

Science for a safer world

Key highlights

Revenue:	£492m (2019: £387m)
Adjusted EBITDA:	£158.1m (2019: £106.1m)
Number of employees (31 March 2020)	3,435 (2019: 2,805)
Revenues by region:	
EMEA/APAC:	£240m (2019: £233m)
Americas:	£252m (2019: £154m)

Our science in action

COVID-19 response

- We are involved in many aspects of the global COVID-19 pandemic response, from providing the chemistry that goes into the testing kits, quality control materials to support diagnostic testing and specialist support for the development of vaccines and medicines to treat the disease.

Human Health e.g. Molecular and clinical diagnostics, pharma and biotech

- Our NGS quality control reference materials help medical technicians to build, validate, implement and standardise better assays, enabling clinicians to provide more accurate, targeted patient care.
- Our API and impurity reference materials assist pharmaceutical manufacturers worldwide, from drug discovery to manufacturing, supporting the provision of safe, effective and affordable medicines for all.
- Our nucleic acid chemistries and manufacturing solutions are critical to the development of life-changing therapies.
- Our synthetic oligo probes underpin molecular diagnostics. This reduced the need for invasive screening for colorectal cancer for nearly one million patients in 2018.
- Our extensive expertise in bioanalysis helps pharmaceutical manufacturers develop effective therapies for illnesses, including cancer, as well as respiratory, cardiovascular and infectious illnesses.
- Our Foreign Particulate Matter team ensures that particulate matter contamination found during the manufacture of pharmaceutical products is identified and their source determined. This allows manufacturers to pinpoint where problems occur and address them in order to improve their processes to produce cleaner and safer products.

Applied Markets e.g. Food, environment, agribiotech industrial

- Our pesticide reference materials support the food industry in meeting ever more stringent food safety regulations, helping to protect the integrity of the food supply for a growing global population.
- Our high throughput genomic analysis tools optimise large scale breeding programmes, accelerating breeding cycles and allowing agricultural companies to take their crop to market faster.
- As the UK's National Measurement Laboratory, we ensure trust and confidence in the chemical and biological measurements performed routinely within the UK as well as linking to international standardisation frameworks. We work closely with government, academia and industry to understand, address and manage the measurement challenges they face.

Key investments

- We continuously invest in our employees, through a number of tools, including personal and professional development supported by our bi-annual performance and global talent review processes. In 2019, we invested in an internal research programme to understand barriers to progression for women and launched bespoke first line and senior management development programmes.
- We invest in healthy work life balance, through programmes such as the Virgin Pulse Global Health and Wellbeing challenge.
- We continued to invest in and evolve our e-Commerce platforms, for greater user experience and user interface.
- This year saw the relaunch of LGC's global intranet platform, which focuses on greater employee engagement through improved localisation of information, greater personalisation and enhanced knowledge sharing.
- We continued to invest in information technology platforms, including work on the US data centre, centralising services in EMEA for resilience and scalability. Our ERP implementations supported the simplification of the back-end processes ensuring a consistent service for our customer base. We continued updating our technology, through our MS Office upgrade.

For more information, please visit www.lgcscience.com

LGC Science Group Holdings Limited

Key Highlights (continued)

Acquisitions

- On 12 August 2019, we announced the acquisition of a majority stake in Toronto Research Chemicals (TRC), a leading manufacturer and supplier of synthetic organic bio-chemicals which are used as reference standards, research tools and building blocks by a highly diversified global customer base across the pharmaceutical, applied and research sectors.
- On 23 January 2020, we announced the acquisition of C/D/N Isotopes (CDN), a leading manufacturer and supplier of deuterium-labelled compounds. This acquisition strengthens our position in the deuterated compound market and provides an extensive portfolio of products, which are highly complementary with our existing analytical standard and reference material businesses. CDN is well positioned for growth going forward alongside our market leading product brands including TRC, Dr Ehrenstorfer™ and Mikromol™.

Table of Contents:

Group strategic report	4
Corporate governance report	14
Directors' report	18
Directors' responsibilities statement	20
Independent auditor's report	21
Consolidated income statement	23
Consolidated statement of comprehensive income	24
Consolidated statement of financial position	25
Statement of financial position of the company	26
Consolidated statement of changes in equity	27
Statement of changes in equity of the Company	28
Consolidated statement of cash flows	29
Notes to the financial statements	30

Registered Office

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Independent Auditors

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London SE1 2AF

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Ernst & Young (UK) Limited
Ernst & Young (Australia) Pty Ltd
Ernst & Young (Canada) LLP
Ernst & Young (France) SAS
Ernst & Young (Germany) GmbH
Ernst & Young (India) Private Limited
Ernst & Young (Japan) K.K.
Ernst & Young (Netherlands) B.V.
Ernst & Young (New Zealand) Limited
Ernst & Young (Norway) AS
Ernst & Young (Poland) Sp. z o.o.
Ernst & Young (Portugal) Lda
Ernst & Young (Singapore) Pte. Ltd.
Ernst & Young (South Africa) (Pty) Ltd
Ernst & Young (Spain) S.L.
Ernst & Young (Sweden) AB
Ernst & Young (Switzerland) AG
Ernst & Young (Taiwan) Co., Ltd.
Ernst & Young (Thailand) Public Company Limited
Ernst & Young (United States) LLP
Ernst & Young (Vietnam) Co., Ltd.

LGC Science Group Holdings Limited

Group strategic report

The Directors present their strategic report for the year ended 31 March 2020.

The consolidated financial statements on pages 23 to 85 are prepared in accordance with International Financial Reporting Standards adopted by the European Union ("adopted IFRSs").

Principal activity

LGC Science Group Holdings Limited ("the Company") and subsidiaries ("the Group" or "LGC") is a global leader in the life science tools sector, providing mission critical components to customers across clinical diagnostics, pharmaceutical, research & government, food and other applied markets.

We provide a comprehensive range of reference materials, proficiency testing schemes, oligonucleotides, genomics reagents and instrumentation based upon our foundation of research and measurement capabilities.

Our scientific tools and solutions form an essential part of our customers' quality and compliance procedures as well as enable them to provide safer products, develop new solutions and advance research.

Our purpose

Our core purpose is Science for a Safer World.

We are passionately committed to go beyond ordinary, in collaboration with our employees, our customers, and with absolute quality.

Our values of **Passion, Curiosity, Integrity, Brilliance** and **Respect** embrace our employees' commitment and dedication to using science to work with our customers to make the world safer, and are deeply rooted in the behaviours we expect from all our colleagues.

Passion: We are passionate about everything we do. Our passion translates into our ambition to make the world a safer place. We expect our employees to strive to continuously push boundaries, challenge norms and come to work with an infectious energy to do their best every day.

Curiosity: We constantly look forward to what's next: our curiosity for today's discoveries makes tomorrow's innovations possible. We expect our employees to share their knowledge and expertise with each other and challenge the status quo. We anticipate our employees will discover creative and innovative solutions that will enable our customers and LGC to grow and evolve.

Integrity: A commitment to high ethical standards has been at the heart of LGC since we started testing the integrity of products in 1842. Today, integrity is embedded throughout our business: we develop and deliver solutions that match our commitments. We demonstrate transparency and openness in all our actions. We expect our employees to trust the people they work with to do the right thing, to behave ethically at all times and to take accountability for their actions.

Brilliance: We strive to be the very best in everything we say and do. We exceed customers' expectations through innovation and pioneering science. We set the bar high for success and keep raising that bar. We expect our employees to achieve more by working together collaboratively and to meet customers' needs with agility, adaptability and speed.

Respect: We respect gender, age, nationality, religion and individuality, our diversity is our strength. We appreciate the skills, knowledge and strength of employees, teams and the Group as a whole, and respect our customers, their samples (where appropriate) and our environment at large.

Business model and strategy

LGC operates via the Standards and Genomics divisions, underpinned by our Health, Science & Innovation (HS&I) team and our corporate functions. Each division provides mission critical solutions in life sciences tools and technology across growing end markets. The business model includes research and development, manufacturing, marketing, sales and customer support of a range of specialist products underpinned by our science capabilities.

The Standards division provides a comprehensive product range of Measurement Tools, Proficiency Testing schemes and Supply Chain Assurance tools.

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LGC Science Group Holdings Limited

Group strategic report (continued)

The Genomics division provides a comprehensive product range of Oligonucleotides, PCR (Polymerase Chain Reaction) reagents and instrumentation and NGS (Next Generation Sequencing) tools.

Our HS&I team runs a number of national, scientific laboratories on behalf of the British Government along with leading analytical and measurement capabilities for pharma customers in the development of nucleic acid therapeutics and small and large molecule drugs.

The business addresses markets which are underpinned by sustainable growth drivers such as population demographics, rise of the middle class, increased regulatory activity and a continuing demand for a high quality of life.

Our strategy is to build sustainable leading positions in attractive niche segments requiring specialist scientific expertise, across the life science tools sector, including clinical and molecular diagnostics, pharma & biotech and applied markets (food & environment, agri-genomics, industrial and metals). In doing so we will leverage our position as a global leader in life science tools and technology, our world-class measurement science capabilities, our highly differentiated and complete portfolio of products and technologies and our proven capability in delivering organic and inorganic growth.

Our strategic priorities

This section serves as our s172 statement in compliance with the Companies Act 2006.

Our employees set us apart from our competition. Their in-depth knowledge and expertise across a breadth of scientific areas enables our business to provide high calibre solutions to our customers. We encourage our employees to set the bar high and it is through their infectious energy to do their best every day that we constantly challenge today's science to create tomorrow's innovations.

Employee communication and consultation is encouraged at all levels of the business. The provision of information and consultation between Directors (and under their direction, management) and employees is facilitated through structured quarterly communication, town halls, the intranet and various consultative committees across LGC. We conduct an employee engagement survey on an annual basis. The 2020 survey recorded a 75% response rate (2019: 83%). Our engagement rate was 4.0 (out of 5) in 2020 (2019: 4.1).

We are committed to a working environment that encourages employees to recognise the importance of Corporate Social Responsibility and diversity. Alongside our approach to equal opportunities, other important examples of reaching out to the wider community include our support and commitment to fund raise for an annual charity, activities for and within the local communities in which we operate, and policies designed to foster sustainability at local, national and global levels.

Our customers: We work closely with our customers, to ensure we deliver quality products and services. Most of our innovations are born from co-operating with customers and understanding their issues.

Our suppliers: LGC conducts business and seeks to build relationships with suppliers who share our core values. We expect to work with suppliers that act with honesty and integrity in all business interactions and work with us to improve standards. We ensure quality, assurance of supply, compliance and innovation are factored in as we source products and services from third parties, to ensure we effectively and efficiently support our customers, and deliver on our mission and strategic objectives.

Our operating model: Our operating model fosters an agile and responsive organisation, with clear communication and lean and effective processes. Our Health, Science & Innovation team works across all our divisions, via the science family network, with experts in key scientific domains to share knowledge and foster innovation.

Ownership

LGC's ultimate controlling party is KKR & Co. L.P. ("KKR"), an entity incorporated in the United States of America. KKR acquired their controlling interest through various subsidiary entities including KKR Blue Co-Invest L.P. and KKR European Fund IV L.P.

On 21 April 2020, after the financial year end, KKR agreed to sell the Group to a consortium led by Astorg and Cinven. Founded in 1998, Astorg is an independent private equity group with offices throughout Europe. Founded in 1977, Cinven is a global private equity firm, with offices in nine international locations. Financial terms of the transaction were not disclosed. The sale was completed on 21 April 2020.

Strategic Report 2020

LGC Science Group Holdings Limited

Group strategic report (continued)

Review of the business and financial performance

Key performance indicators

During the year, the Group has continued to invest organically and pursue its strategy of making highly targeted acquisitions to continue to develop leadership positions in sustainably growing niche markets.

The Group performed well in the year to 31 March 2020 with revenue of £491.8m (2019: £387.4m) up 27% and Adjusted EBITDA of £158.1m (2019: £106.1m) up 49%. Net cash flow from operating activities increased 22% to £85.8.

The Group's key performance indicators ("KPIs") for the year are set out in the table below.

	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m
Revenue	491.8	387.4
Adjusted EBITDA*	158.1	106.1
Long-term syndicate borrowings	1,124.3	856.2
Net cash flow from operating activities	85.8	70.2

*Earnings before interest, tax, depreciation, amortisation, unrealised foreign exchange gains and losses and material, unusual and non-recurring items:

	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m
Adjusted EBITDA	158.1	106.1
Unrealised foreign exchange gains and losses	(0.3)	0.4
Depreciation and amortisation	(65.1)	(43.7)
Material, unusual and non-recurring items	(66.2)	(27.4)
Group operating profit / (loss)	26.5	35.4

KPI - Revenue

Revenue progression is a key metric aligned to LGC's overall strategy of building sustainable leading positions in attractive niche markets requiring specialist scientific expertise.

Revenue performance in the year was ahead of management expectations, with strong progression across geographies. Of note was continued good growth in North America, China and Europe, reflecting progression in all end markets.

In North America, revenue performance was driven through organic performance of the business and strong performance of recent acquisitions. Strong European growth reflects the core underlying performance of the Group and also the very positive performance of the businesses acquired in Europe throughout 2016 and 2017. Axolabs GmbH in particular continues to perform strongly again.

LGC Science Group Holdings Limited

Group strategic report (continued)

The acquisitions, since KKR took control of the Group in March 2016, all supported the strong performance reported for the year:

Company	Location	%	Principal Activity
Douglas Scientific LLC	Alexandria, MN, USA	55	Leader in high throughput Polymerase Chain Reaction platforms and consumables to customers in the AgBio, molecular diagnostics and other applied markets.
Prime Synthesis Inc	Aston, PA, USA	100	Leading manufacturer of controlled pore glass ('CPG') products used in oligonucleotide synthesis.
ASI (asset deal)	London, UK	100	A leading immunosuppressive proficiency testing (PT) scheme.
Organic Standard Solutions International LLC	Charleston, SC, USA	100	A leading manufacturer of organic and inorganic National Institute of Standards and Technology (NIST) traceable reference materials.
BRC Trading Limited	London, UK	77.5	A leading developer of benchmark standards across food safety, packing & packaging, storage & distribution, agents & brokers and consumer products.
API Food Quality, Inc.	Traverse City, MI, USA	100	A leading provider of food proficiency testing services.
Axolabs GmbH	Kulmbach, Germany	100	A leading specialist contract development and manufacturing organisation specialising in oligonucleotide therapeutics.
Link Technologies Limited	Glasgow, UK	100	A premier supplier of speciality reagents for oligonucleotide synthesis.
Lucigen Corporation Inc	Middleton, WI, USA	100	A developer, manufacturer and supplier of molecular biology reagents and kits that target fast growth applications in clinical diagnostics, drug discovery, synthetic biology and gene editing.
Allergen Control Group	Ontario, Canada	100	Operator of the world's most rigorous and recognised gluten-free certification programme.
BioAutomation Corporation	Irving, TC, USA	100	A designer, developer, manufacturer and Supplier of synthesisers for pharmaceutical, biotech, scientific research and development and academic applications globally.
Berry and Associates, Inc.	Dexter, MI, USA	100	A premier supplier of specialty oligo reagents to the pharmaceutical, clinical diagnostics and academic research sectors as well as to oligonucleotide synthesis companies and contract manufacturing organisations.
SeraCare Life Sciences, Inc.	Gaithersburg, MD, USA Milford, MA, USA	100	A manufacturer and leading partner to global in-vitro diagnostics manufacturers and clinical laboratories.
M.B.H. Analytical Ltd	Barnet, UK	100	A leading manufacturer of metal alloy reference materials.
Toronto Research Chemicals Inc	Toronto, Canada	75	A leading manufacturer and supplier of synthetic organic bio-chemicals
C/D/N Isotopes Inc	Montreal, Canada	75	A leading manufacturer and supplier of deuterium-labelled compounds

KPI - Adjusted EBITDA

Adjusted EBITDA is the one of LGC's key internal performance metrics which is monitored by both management and our main stakeholders and capital providers as a measure of recurring, underlying profit performance. Adjusted EBITDA of £158.1m (2019: £106.1m) represents a margin of 32.1% (2019: 27.4%) which was in line with management expectations.

Adjusted EBITDA is operating profit before depreciation, amortisation, material, unusual or non-recurring items and the impact of unrealised foreign exchange gains or losses. Adjusted EBITDA is not specifically defined under, nor presented in accordance with IFRS. You should not therefore consider it as an alternative to profit for the year as determined in accordance with IFRS.

(Signature)

LGC Science Group Holdings Limited

Group strategic report (continued)

In deriving Adjusted EBITDA, operating profit is adjusted for a number of material, unusual and non-recurring items to permit a better understanding by management and other stakeholders of LGC's recurring profit performance.

Typically these material, unusual and non-recurring items include: one off costs associated with the acquisitions pursued by LGC, costs associated with the integration of businesses successfully acquired by LGC, one off costs associated with the sale of LGC, restructuring costs and the periodic impact of the unwind of Fair Value adjustments made in accordance with IFRS 3 ("Business Combinations") relating to the transfer of ownership of LGC Science Group Limited between Bridgepoint Capital and KKR & Co and subsequent business combinations. Further details are included in notes 4 and 7.

KPI - Long-term syndicate borrowings & financial position

Strong financial capital management is critical to the delivery of LGC's strategy. The capital structure of LGC is managed and controlled by LGC's senior management, working closely with KKR Capital Markets and external advisors. The Board defines limits regarding the mix and funding of capital. Long-term syndicate borrowings and operating cash flows are therefore included as key performance indicators above.

LGC maintains sufficient cash to fund day-to-day operating requirements. At the end of the year LGC had £61.7m (2019: £59.0m) of cash on its Consolidated statement of financial position.

In common with many other with Private Equity backed businesses, LGC's capital structure includes a proportion of debt. Together with equity funding and reserves of £468.1m (2019: £540.6m), LGC has long-term borrowings of £1,131.2m at 31 March 2020 (2019: £862.5m), a ratio of 0.4 equity and reserves : 1.0 long-term debt (2019: 0.6:1).

At 31 March 2020, the Group had long-term borrowings comprised of the following:

Group and Company	Interest	Maturity	2020 £m	2019 £m
USD denominated syndicated loans	LIBOR + (3.25%-6.75%)	2-3 years	455.5	385.3
EUR denominated syndicated loans	EURIBOR + (3.25%-6.50%)	2-3 years	674.6	483.0
GBP denominated syndicated loans	LIBOR + (3.25%)	2-3 years	6.5	-
Issue costs			(12.3)	(12.1)
Syndicated loans subtotal			1,124.3	856.2
Long-term loan notes (including accrued interest)	10%	11 years	6.9	6.3
			1,131.2	862.5

LGC's syndicated loans are secured on the assets of the Company and certain subsidiary undertakings.

The purpose of these financial instruments was to repay debt and fund the acquisition of LGC Science Group Limited (and associated undertakings) on 8 March 2016, to additionally fund the subsequent acquisitions in the period since and to provide sufficient operational funds to support Management with the execution of LGC's strategy. The total committed and undrawn Group facilities under the Senior Facilities Agreement at 31 March 2020 were £1.4m (2019: £50m).

Further information on the Group's capital structure is included in notes 21, 22 and 27 to the financial statements.

KPI – Operating cash flow

LGC's cash generation was also strong, with positive net cash flow from operating activities in the year of £85.8m (2019: £70.2m). This represents net cash flow from operating activities after the material and non-recurring costs identified in note 7. Management monitor this metric when deciding strategic priorities for future periods.

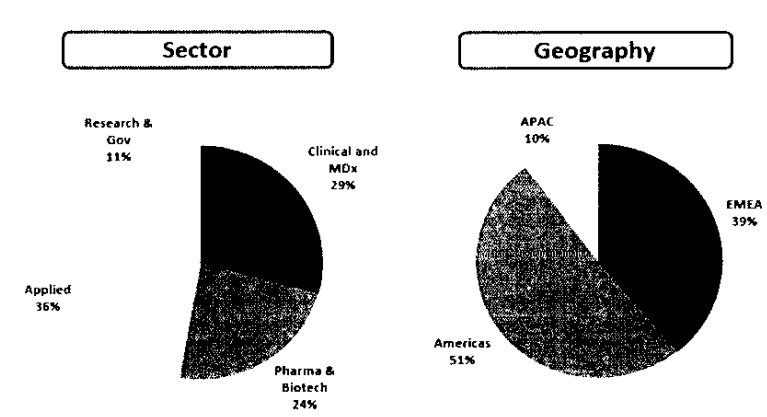
LGC Science Group Holdings Limited

Group strategic report (continued)

Other key performance indicators

- Employee Engagement

Our employees are the key to our success. We conduct an employee engagement survey on an annual basis. The 2020 survey recorded a 75% response rate (2019: 83%). We can be confident that the views expressed are representative of the workforce as a whole. We benchmark the whole group against other organisations. We also breakdown the survey to each location and division / team level to ensure we put the right follow up actions in place. Our engagement rate was 4.0 (out of 5) in 2020 (2019: 4.1).



- Sector and Geography

In addition to the main financial key performance indicators, Management review metrics regarding end market sector, end market geography and growth in those key markets, as a measure of performance against our strategy: to build sustainable leading positions in attractive niche segments requiring specialist scientific expertise

Financial risks

LGC’s operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate cash flow risk and foreign exchange risk.

LGC’s treasury policies seek to minimise financial risks and to ensure sufficient liquidity for the Group’s operations and strategic plans. Accordingly, LGC has in place a financial risk management programme that seeks to limit the adverse effects on the financial performance of LGC that could arise, including monitoring levels of debt finance and related finance costs. No complex derivative financial instruments are used, and no trading or speculative transactions in financial instruments are undertaken. Where LGC does use financial instruments, these are mainly to manage the currency risks arising from normal operations and it’s financing. Day to day operations are financed mainly through retained profits. Cash flow and leverage in respect of the Company’s banking facilities are reported monthly to the Board. Given the size of LGC, 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 are implemented by LGC’s finance department.

Financial risk	Risk approach
Capital	LGC managed its capital to ensure that the business is able to continue as a going concern whilst maximising the return to shareholders through optimising the debt and equity balance. The capital structure of the group comprises cash, equity (issued capital, reserves and retained earnings) and debt.
Foreign exchange	<p>LGC is exposed to foreign currency risk as a consequence of both trading with foreign companies and owning subsidiaries located in other countries. The Group earns a significant proportion of its profit in currencies other than GBP. This gives rise to translational currency risk, where the Sterling value of profits earned by the Group’s foreign subsidiaries fluctuates with the strength of Sterling relative to their operating (or ‘functional’) currencies. The Group does not hedge this risk, so its reported profit is sensitive to the strength of Sterling, particularly against the US Dollar and Euro.</p> <p>LGC has significant investments in overseas operations in the USA and EU, with further investments worldwide. As a result, the Group’s balance sheet can be affected by movements in these countries’ exchange rates. Where significant and appropriate, currency denominated net assets are hedged</p>

LGC Science Group Holdings Limited

Group strategic report (continued)

Financial risk	<p>Risk approach</p> <p><i>by currency borrowings. These currency exposures are reviewed regularly and the balance adjusted accordingly.</i></p> <p>The Group also has transactional currency exposures. These arise on sales or purchases by operating companies in currencies other than the companies' operating (or 'functional') currency. Significant sales and purchases are matched where possible and a proportion of the net exposure is hedged by means of forward foreign currency contracts.</p>
Interest rate cash flow	<p>During the year ended 31 March 2021 all of the Groups' bank debt was at floating interest rates (3 month LIBOR / EURIBOR). LGC monitors the trends in interest rates and regularly consults with investors and advisors regarding interest rates. LGC has opted to partially fix USD interest rates and partially cap EUR interest rates. LGC holds fluctuating cash balances that earn interest at fluctuating market rates (note 27).</p>
Price	<p>LGC's specialist and centralised procurement function engages across the business to ensure price risk is minimised on key supplies. Although no formal programme of commodity price management has been adopted due to the profile of inputs of production, any significant exposure is reviewed periodically by both the procurement function and Group Management and, where appropriate, pricing is fixed by future purchasing agreements.</p>
Credit	<p>Credit risk is defined as the risk that a counterparty will default on its contractual obligations resulting in financial loss to LGC. Trade receivables consist of a large number of customers, spread across diverse industries and geographic areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit protection methods are employed. LGC has implemented policies that require appropriate credit checks on potential customers before sales are made and individual customer credit limits are applied to manage exposure to any individual customer.</p> <p><i>LGC's principal financial assets are bank balances, cash, trade and other receivables.</i></p>
Liquidity	<p>LGC actively maintains a mixture of long-term and short-term debt finance and cash deposits that are designed to ensure LGC has sufficient available funds for operations, expansion and planned acquisitions. From 8 March 2016, there are no liquidity covenants associated with the Company's banking facilities. The Group has a strong cash flow and the funds generated by operating companies are co-ordinated centrally and managed regionally, based on geographic location, to ensure the appropriate balance between treasury control and operational agility.</p>

Investment

In the year to 31 March 2020 we continued to invest significantly in our businesses, in new technology and in new opportunities. Overall capital expenditure for the year was £37.0m (2019: £43.5m), reflecting continued investment in capacity and infrastructure for future growth, scientific equipment and IT across the entire business.

Other principal risks and uncertainties

The review of other principal risks and uncertainties contains certain forward-looking statements. These statements have been made by the Directors in good faith based on the information available to them at the time of their approval of this report. They should be treated with caution due to the inherent uncertainties arising because they relate to circumstances that may or may not occur in the future.

LGC's enterprise risk management is central to the achievement of our strategic priorities. It is managed across our business through a number of formal and informal processes. These risk management processes sit within our overall governance framework, which include clear accountabilities, delegated authority limits and well-defined policies and procedures that govern employee and business conduct.

LGC Science Group Holdings Limited

LGC Science Group Holdings Limited

Group strategic report (continued)

LGC approaches risk in accordance with standard risk management methodology, which is based upon the process set out in ISO 31000:2018 Risk Management, Principles and Guidelines. LGC also considers organisational resilience as a key part of risk management and works in accordance with the principles of BS 65000:2014. The Enterprise Risk Management team provides an independent risk based audit function, with clear reporting lines to the CFO.

The Group Risk Committee has overall responsibility for operational risk management and meets regularly to review the risk environment and risk mitigations. The Committee is chaired by the CFO and comprises senior members of Management including the Chief Information Officer, Group General Counsel, Head of Enterprise Risk Management and representatives from each of the trading divisions.

The principal risks facing the Group include:

Risk	Risk approach
Covid 19 (C19)	LGC's core purpose is Science for a Safer World. Given LGC's capabilities, the Group is fully involved in many aspects of the global response, from providing the chemistry that goes into testing kits and supplying quality control materials to IVD companies, clinical laboratories and pharmaceutical manufacturers, to supporting the broader research effort. Operationally, C19 resulted in some changes in terms of working patterns, with a number of colleagues working from home or remotely, and some facilities operating revised shift patterns. Our facilities have generally remained open and operating at normal/above normal output levels. The Group continues to monitor the situation carefully, with a number of central and regional oversight teams regularly reviewing the evolving situation and adapting business protocols appropriately.
Macroeconomic, market and competitor	<p>LGC's leadership positions, global reach and exposure to a number of end markets which are driven by long term macro drivers, minimises the impact of macroeconomic shocks on the Group. We operate globally in a number of countries and markets where competition and innovation can be high. We regularly monitor market trends and competitor developments. We invest in research and development, new production capabilities, laboratory instrumentation, new technologies and improving general business infrastructure to maintain our leading position in these markets.</p> <p>In some areas, LGC has longer term contracts, some with Government bodies, which are subject to periodic competitive tender. Renewal of these contracts is uncertain and is based on financial and performance criteria, in some cases allied to the continuance or otherwise of testing or research programmes. Overall, customer concentration is low with the largest customer accounting for less than 5% of revenues.</p>
Legal & regulatory	<p>LGC is subject to various legal and regulatory requirements in relation to, for example, employment, data protection, health and safety, environmental protection, trade sanctions, and tax and other corporate regulations governing LGC's activities. LGC is aware of the importance of identifying and complying with all applicable legislation and regulation affecting our business activities globally.</p> <p>Legal and regulatory developments are actively monitored by LGC's risk committee and by our Enterprise Risk Management, Tax, Legal and Company Secretarial departments, in conjunction with our advisors, to ensure that new and existing laws and regulations are identified, understood and complied with.</p>
Employee recruitment and retention	<p>Our ability to deliver our strategy depends on having the right talent. The loss of key talent, or the failure to attract sufficient talent could have a serious impact on our ability to deliver our strategy.</p> <p>To ensure that we are able to recruit and retain the right people and develop them with the right skills, we have strong recruitment practices in place, provide regular learning and development opportunities in order to enhance the professional ability of all employees, and operate a talent management process</p>

Approved for issue on behalf of the Board

LGC Science Group Holdings Limited

Group strategic report (continued)

Risk

IT Resilience

Risk approach

Technology underpins our ability to deliver our strategy. Cybersecurity, platform performance and infrastructure resilience are of significant importance to LGC. In addition to financial investment, our senior technology and Enterprise Risk leaders regularly assess risk, policy and best practice to ensure IT operational resilience.

Trends and factors affecting future development and performance

We will continue to invest in delivering profitable organic and acquisitive growth in our chosen end markets.

Macro trends previously identified result in long-term sustainable growth drivers for markets addressed by LGC. These include the increasingly complex regulatory, production and supply chain environments in both developed and emerging markets, the growing role of health and safety in both developed and emerging economies, the increasing regulatory frameworks in a wide range of technically demanding industries (including pharmaceutical, food, environment and industrial), the increased use of molecular diagnostics and therapeutics in a clinical setting, and the need to improve crop yields to meet increasing demand.

From a geographic perspective, this growth will come from expanding presence within all regions but in particular North America, where we continue to develop our standards and genomics presence, and in Asia, where there is a particular demand for LGC's products and services due to the macroeconomic growth drivers in that region.

Acquisitions will remain a feature of our growth, building scientific capability and geographic presence, according to a tailored and disciplined approach to deal origination, execution and integration.

During the last quarter of the financial year, LGC adapted to the global COVID-19 pandemic. LGC mobilised its resources to provide the chemistry that goes into the testing kits, to manufacture quality control materials to support diagnostic testing, to produce reference materials to support the development of anti-viral medicines and to support vaccine development clinical research. Teams adapted to lockdown and remote working across the world with speed and agility.

Corporate Social Responsibility

We are committed to a working environment that encourages employees to recognise the importance of Corporate Social Responsibility and diversity. Alongside our approach to equal opportunities, other important examples of reaching out to the wider community include our support and commitment to fund raise for an annual charity, activities for and within the local communities in which we operate, and policies designed to foster sustainability at local, national and global levels.

More information can be found in our Corporate social responsibility report available on our website: lgcgroup.com.

Quality, Health, Safety and the Environment (QHSE)

Overall, we have continued to build on our excellent quality, health, safety and environmental record during the past year. Our Enterprise Risk Management (ERM), divisional QHSE teams and global SHE groups have continued to ensure significant focus in this area across our business. The Head of Enterprise Risk Management, and the ERM team provide group policy on Quality, Health & Safety and Environment.

Our quality performance was underlined by a number of successful regulatory and customer audits. We continue to comply with all environmental legislative requirements in the territories in which we operate and to maintain a programme of continuous improvement in all QHSE areas.

LGC is committed to operating the business in accordance with the Health and Safety laws and regulations of the countries in which we operate and adopting the accepted best practices of comparable organisations. The Head of Enterprise Risk Management, in conjunction with the ERM team and divisional safety representatives, is responsible for setting the strategy and monitoring and reporting upon the performance across LGC.

We are committed to the continuous improvement of our environmental performance and we aim to operate our Environmental Management System (EMS) aligned with ISO 14001 principles. The EMS provides the framework for setting and reviewing environmental objectives and targets.

Signature of the Chairman

LGC Science Group Holdings Limited

Group strategic report (continued)

The Head of Enterprise Risk Management in conjunction with the ERM team, and divisional QHSE team representatives, is responsible for setting the environmental strategy and monitoring environmental compliance and performance.

We are also committed to the prevention of pollution and to reducing the environmental impact of our business operations in order to protect the health and safety of our employees, surrounding communities and ecosystems. The control of energy and materials consumption, along with the responsible management of our waste, is key to our efforts to improve environmental performance and reduce our carbon footprint.

Employees and Gender Diversity

The number of employees for the year ended 31 March 2020 was 3,435 (2019: 2,805).

We are committed to creating an employment environment that attracts, retains and motivates the best employees. Throughout LGC, emphasis is placed on personal development to meet both today's needs and those of the future. Employee communication and consultation is encouraged at all levels of the business. The provision of information and consultation between management and employees is facilitated through structured quarterly communication, town halls, the intranet and various consultative committees across LGC.

A requirement of the Companies Act 2006 is that the company should assess and comment on any pertinent information regarding human rights issues in this report. Given the nature of our business we do not believe it is necessary to include such information.

We are also required to publish our gender pay gap in the UK, which is available on our website: lgcgroup.com.

It is the Company policy to provide equal opportunities for all employees and applicants on the basis of objective criteria and personal abilities regardless of gender, age, religion, sexual orientation or ethnic origin. This policy ensures that recruitment and advancement are carried out on the basis of merit.

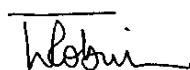
We also give full and fair consideration to disabled persons applying for employment, having regard to their particular aptitudes and abilities, as well as the continuing employment and appropriate training of employees who become disabled

The table below shows the gender diversity within the Group at the date of reporting.

	2020		2019	
	Male %	Female %	Male %	Female %
Board Of Directors and Company Secretary	90	10	90	10
Senior Managers	66	34	66	34
Other employees	43	57	42	58

Senior managers are comprised of the members of the Executive Leadership Team (unless already included within the Board of Directors) and the LGC Leadership Team.

The Strategic report, as set out on pages 4 to 13 has been approved by the Board.



Tim Robinson CBE
Director and Chief Executive Officer
8 September 2020



LGC Science Group Holdings Limited

Corporate governance report

The Board of Directors is responsible for setting LGC's strategic direction, the overall management of the Group and maintaining effective operational control, including significant financial, organisational, legal and regulatory controls.

The Board is committed to high standards of corporate governance and ethical behaviour in directing LGC's affairs. The Board is responsible for the oversight of the corporate governance framework and its implementation within all Group operating companies.

The Board consists of senior LGC employees: specifically the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Scientific Officer (CSO), two other Executive Directors (Managing Directors of the Standards and Genomics Divisions), three KKR appointed Directors and a Non-Executive Director.

The Board is organised in such a way as to ensure each member receives the appropriate business and functional support required to discharge their responsibilities and to facilitate an appropriate level of information to allow constructive challenge and debate at Board level.

The Board Directors and Company Secretary are:

Tim Robinson CBE,
Chief Executive Officer

Tim joined LGC in 2013 as Chief Executive. Tim has followed an international career in the technology and services sectors, spanning Engineering, Marketing and Corporate Leadership.

Following a decade with IBM in Asia and Europe, Tim joined Silicon Graphics (SGI) as European Marketing Director, before becoming Managing Director of SGI in the UK & Ireland. After his appointment as Chief Executive of DSC Group, he led the company into the FTSE 250 and was subsequently appointed Senior Vice President of the global Civil Security Division of Thales, based in Paris. Tim was then appointed CEO for Xafinity, the privatised Office of the Paymaster General. He was previously Chief Executive of Talaris, the global leader in technology-based solutions for cash management.

Tim is a Non-Executive Director of the Department for International Development. He has also been a Non-Executive Board Member of UK Trade & Investment, a Member of the Association of Oxfam, serving on their Audit Committee, and a Non-Executive Director of Camelot Group.

Simon Parsons,
Chief Financial Officer

Simon was appointed Chief Financial Officer of LGC in 2010. He joined LGC after working as CFO in two private equity investments owned by Apax Partners and Balderton Capital. Prior to that, Simon held a number of General Manager and Finance Director positions in the UK and Italy with Celesio AG, a leading European wholesale and retail pharmaceuticals business. Simon qualified as a Chartered Accountant with Ernst & Young in 1993 where he worked in both the UK and US practices.

Derek Craston,
Chief Scientific Officer

Derek joined the Group in 1991 and joined the Board in 2012 as Chief Scientific Officer (CSO). In addition to his role as CSO, Derek leads LGC's Health Science & Innovation capability. He served as Government Chemist until 1 June 2018. Derek has a degree in Chemistry from the University of St Andrews, a PhD from Imperial College, London and has been awarded an honorary doctorate by Kingston University.

Approved for publication on behalf of the Board

LGC Science Group Holdings Limited

Corporate governance report (continued)

Euan O'Sullivan,
Managing Director,
LGC Standards

Euan joined the Board in June 2017. Having initially joined LGC as a Non-Executive Director in late 2007, Euan assumed an executive role as Corporate Development Director in July 2010. In this role, Euan was responsible for the Group's corporate development activities, including mergers, acquisitions, disposals and strategy development. Euan assumed his current role as Managing Director of the Standards division in July 2012.

Euan joined LGC from UK private equity house LGV Capital, where he was an Investment Director. Prior to LGV, Euan worked as a consultant in Accenture's business strategy practice and within the M&A division of Close Brothers Corporate Finance. Euan is a graduate of University College, Oxford.

Brian Kim, Managing
Director, LGC
Genomics

Brian joined the Board in June 2017 having joined LGC in November 2016. Brian has a wealth of experience in the genomics and life sciences markets, having run large, complex global businesses for a number of major companies. Brian joined LGC from PerkinElmer, where he led the Life Sciences and Tools division, managing a global portfolio of various technologies and products ranging from instruments, reagents, service, and software.

Brian holds a Master of Business Administration from Tuck School of Business at Dartmouth and both a BS in Economics and a BA in History, from the University of Pennsylvania.

Edouard Pillot,
Director KKR & Co. L.P.

Edouard joined the Board in March 2017, having joined KKR in 2006. Edouard is part of KKR's Private Equity team, where he heads Business Services.

Since joining KKR, Edouard has been involved in the investments in A-Gas, Travelopia, Vålinge, SMCP and KION as well as the portfolio management of the investments in LGC, Maxeda and Northgate Information Solutions. Prior to joining KKR, he was with CIBC World Markets' European leveraged finance group, and the diversified industrials investment banking department of J.P. Morgan in London and Paris. Edouard holds an MSc from the Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC).

Mark Danzey, Director
KKR Capital Markets

Mark joined the Board in March 2016. Mark joined KKR Capital Markets (KCM) in 2009. Since joining KCM, Mark has worked on a variety of debt and equity financings for KKR portfolio companies and third party clients. Prior to joining KCM, Mark was a Vice President on J.P. Morgan's leveraged finance capital markets desk and previously also worked in J.P. Morgan's leveraged finance origination team. Mark spent the first year of his career at Deutsche Bank.

**Kugan
Sathiyandarajah,**
Director KKR & Co. Inc.

Kugan joined the Board in March 2016. Having joined KKR in 2010, Kugan held joint responsibility for the European healthcare team and was a member of the UK team until 2017. He was involved in the investments in LGC Group, Alvogen, Walgreens Boots Alliance and Galenica. In addition, he was involved in the portfolio management of Northgate Information Systems. In 2019, Kugan joined KKR's US healthcare team.

Prior to joining KKR, Kugan was with Goldman Sachs, where he was a member of the UK mergers & acquisitions team. Kugan holds an M.A (First Class Hons) in Physical Natural Sciences, specialising in theoretical chemistry, from the University of Cambridge.

Nicholas Roelofs,
Non-Executive Director

Nicholas joined the Board in April 2016. Prior to joining the Group, Nicholas served as Senior Vice President at Agilent Technologies Inc., as well as President of its Life Sciences Group from 2009 to 2013. He also served as the Vice President and General Manager of the Life Sciences division from 2006 to 2009.

Prior to joining Agilent Technologies Inc., Nicholas was with Bio-Rad Laboratories, Inc. from 2005 to 2006 and served as the Life Science Group's Group Operations Officer heading five business divisions spanning life science and food science. His time at Stratagene Corporation from 2001 to 2005 saw him serve as Senior Vice President of marketing, sales and business development for the first 2 years and as Chief Operating Officer for the last 2 years.

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LGC Science Group Holdings Limited

Corporate governance report (continued)

Professionally, Nicholas is a Global 50 Member and also a part of the Malaysian Biotechnology International Advisory Panel. He has also served on the Advisory Board of Chemical & Engineering News for the American Chemical Society Magazine. Nicolas completed his M.S. in Organic Chemistry from Iowa State University and has a PhD in Organic Chemistry from the University of Nevada, Reno.

Neetu Ogle
General Counsel and
Company Secretary

Neetu joined LGC in July 2016, as General Counsel and Company Secretary. She has overall responsibility for LGC Group's legal, company secretarial and IP management functions. Prior to joining LGC, Neetu was a senior member of the legal team at Inmarsat plc which she joined after a period of time at QinetiQ Group plc.

Neetu gained her private practice experience at leading national and international law firms, Wragge & Co and Allen & Overy. Neetu holds an LLB in Law and Politics from the University of Birmingham.

Board meetings and committees

Board meetings were held for each of 10 months of the year with papers supplied for the other 2 months. The Board was also convened from time to time when specific matters arising required Board discussion or approval.

At each Board meeting, the CEO provided an update on LGC's key activities and the CFO provided an update on LGC's financial performance.

In addition to the routine reports, the Board considered a range of matters during the year including, amongst other items:

- Strategy - LGC's strategy was discussed, confirmed and approved;
- Business performance - financial, operational and strategic performance updates on LGC's divisions were provided by the relevant Executive Directors;
- Annual budget - LGC's annual budget was approved;
- People – the Board have an annual review of Group talent, development and succession planning with periodic updates. The Board also reviews the output and actions arising from the employee survey;
- Technology - progress updates on the development of LGC's ERP and ecommerce systems, and other significant investments in technology and scientific equipment were provided by senior science and technology employees;
- Enterprise Risk Management (ERM) and quality, health, safety and the environment (QHSE) - LGC's approach to ERM and QHSE matters and performance against that strategy were discussed; and
- Disputes and litigation - updates on any material disputes faced by LGC were provided by the General Counsel.

The CEO and other members of the Board provide regular updates to employees both face to face, by email and via recorded videos and the intranet. These updates provide a summary of LGC's strategy and performance, together with details of the challenges and opportunities faced by LGC. These events are designed to update employees on the progress of LGC and provide them with an opportunity to ask questions and provide feedback regarding the conduct of the business.

The Board is supported by two Board Committees: the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee is chaired by Mark Danzey, and includes one further KKR appointed director, one non-Executive Director and the CEO. The CFO is required to be present at all meetings. The quorum for the Audit Committee is two, one of whom must be a director appointed by KKR.

The Audit Committee's main responsibilities are:

- Monitoring the integrity of the Groups financial statements and reviewing significant accounting and reporting judgements;
- Receiving feedback from the Group's external auditor regarding key financial controls and any judgmental areas;
- Reviewing the effectiveness of the internal control environment; and
- Overseeing the relationship with the Group's external auditor, including appointment, remuneration, nature and scope of work and review of independence.

LGC Science Group Holdings Limited
Corporate governance report (continued)

The Audit Committee discharges its responsibilities through its meetings which are held twice per year and at other times as needed.

Remuneration Committee

During the year, the Remuneration Committee was chaired by Edouard Pillot.

The quorum for the Remuneration Committee is two, one of whom must be a director appointed by KKR.

The Committee has responsibility for determining the overall framework and policy for the remuneration of the Executive Directors other Senior Executives and employees overall, as determined by the Board.

The remuneration policy in respect of Executive Directors and Senior Executives is to provide packages that are intended to attract, motivate and retain the talent necessary to develop LGC and deliver LGC's strategy.

Items discussed included appointments, objectives, performance management and related incentive schemes.

The Committee discharges its responsibilities through its meetings, which are held four times per year and at other times as needed.

Signed on behalf of the Board

Woburn

Tim Robinson CBE
Director and Chief Executive Officer
8 September 2020

LGC Science Group Holdings Limited

Directors' report (continued)

The Directors present their report and financial statements for the year ended 31 March 2020.

Directors

The Directors who served the Company during the year were as follows:

Derek Craston (resigned 3 June 2020)
Mark Danzey (resigned 21 April 2020)
Brian Kim (resigned 3 June 2020)
Euan O'Sullivan (resigned 3 June 2020)
Simon Parsons
Edouard Pillot (resigned 21 April 2020)
Tim Robinson CBE
Nicolas Roelofs (resigned 3 June 2020)
Kugan Sathiyandarajah (resigned 21 April 2020)

Directors' liabilities

The Company has in force and has granted indemnities in respect of some of its subsidiary companies to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the Directors' report. The Company reviews its policies on an annual basis in order to satisfy itself that its level of cover remains adequate.

Employee involvement and disabled employees

The Groups approach to employee involvement, inclusiveness, equal opportunities and support of disabled employees are set in the strategic report on page 13.

Going concern

The financial statements have been prepared on a going concern basis, having regard to future projections for the Group and financing arrangements in place. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Parent has loan facilities to provide adequate financing to support the Group's operations. The covenants set out in the facilities are, and are forecast to continue to be, satisfied. The loans have a remaining term in excess of 4 years.

The Directors note that the Group has access to a Revolving Credit Facility (RCF) of £265.0m which was undrawn at the date of signing these financial statements. No covenant tests apply to any of the Groups debt during the going concern period except if the RCF is more than 40% drawn and the Directors believe that is highly unlikely to be an event in the going concern period of at least 12 months from the date of signing these financial statements.

Whilst acknowledging the inherent risk in any plan, the Directors are concluding that, having considered the factors set out above, it is appropriate to prepare the financial statements on a going concern basis.

Research and development activities

In the year ended 31 March 2020 significant research and development was undertaken by the Group, both directly funded by the Group, through Government and other customer funded programmes in support of both customers' and the Group's own projects. The Group is proud of its record of developing new products and services, with a significant focus on research and development activities again in the year.

Financial instruments

Details of financial instruments are provided in the strategic report on page 8.

LGC Science Group Holdings Limited

Directors' report (continued)

Reappointment of auditors

The auditors are deemed to be re-appointed in accordance with the provision of s487 of the Companies Act 2006.

Future developments

Details of future developments are provided in the strategic report.

Guidelines for Disclosure and Transparency in Private Equity

The Directors consider that the annual report and financial statements have been prepared in accordance with the Walker Guidelines for Disclosure and Transparency in Private Equity.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Dividends

The Directors do not recommend an interim dividend or final dividend (2019: £nil).

By order of the Board



Simon Parsons

Director and Chief Financial Officer
8 September 2020

1

LGC Science Group Holdings Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, the Corporate Governance 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union for the consolidated financial statements and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) for the Company. 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 Group and of the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed for the consolidated financial statements, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable UK Accounting Standards have been followed for the Company financial statements, 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 Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of LGC Science Group Holdings Limited

Opinion

We have audited the financial statements of LGC Science Group Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Statement of financial position of the Company, Consolidated statement of changes in equity, Statement of changes in equity of the Company, Consolidated statement of cash flows and the related Notes 1 to 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including Financial Reporting Standard 101 (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 below. We are independent of the group and parent 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.

Emphasis of Matter

We draw attention to note 2 of the financial statements, which describe the impact on the Company of COVID-19. Our opinion is not modified in respect of this matter.

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 group's or the parent 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

[Signature]
[Name]
[Title]

Independent auditor's report (continued)

to the members of LGC Science Group Holdings Limited

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 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 page 20, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

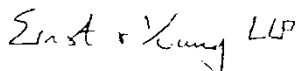
Auditor's responsibilities for the audit of the financial statements

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: <https://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.



Philip Young (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 8 September 2020

LGC Science Group Holdings Limited

Consolidated income statement

for the year ended 31 March 2020

	Notes	2020 £000	2019 £000
Continuing operations:			
Group revenue	5	491,848	387,452
Raw materials and consumables		(135,825)	(97,032)
Staff costs	9	(195,254)	(147,720)
Depreciation and amortisation		(65,093)	(43,786)
Other administration and operating expenses		(70,846)	(65,686)
Profit on disposal of fixed assets		1,700	163
Adjusted EBITDA		158,148	106,137
Unrealised foreign exchange gains and losses		(271)	408
Depreciation and amortisation		(65,093)	(43,786)
Material, unusual and non-recurring items	7	(66,254)	(27,368)
Group operating profit	6	26,530	35,391
Finance income	8	544	875
Finance cost	8	(73,850)	(45,637)
Loss before tax from continuing operations		(46,776)	(9,371)
Tax income on loss	11	1,880	4,542
Loss for the period from continuing operations		(44,896)	(4,829)
Discontinued operations:			
Loss for the period after tax from discontinued operations	10	-	(449)
Loss for the period		(44,896)	(5,278)
Attributable to:			
Equity holders of the Company		(45,219)	(7,026)
Non-controlling interests		323	1,748
Loss for the financial period		(44,896)	(5,278)

Consolidated income statement for the year ended 31 March 2020

LGC Science Group Holdings Limited

Consolidated statement of comprehensive income

for the year ended 31 March 2020

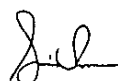
	Notes	2020 £000	2019 £000
Loss for the financial period		(44,896)	(5,278)
Items that may be reclassified subsequently to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		(3,169)	15,625
Net loss on cash flow hedges		(980)	(584)
Items not to be reclassified subsequently to profit or loss			
Actuarial gain on UK defined benefit pension scheme	23(b)	4,700	10,987
Actuarial gain on foreign defined benefit pension schemes		82	41
Income tax effect		(893)	(2,187)
Total comprehensive (loss) / income for the period, net of tax		(45,156)	18,604
Attributable to:			
Equity holders of the Company		(45,479)	16,856
Non-controlling interests		323	1,748
Total comprehensive (loss) / income for the period, net of tax		(45,156)	18,604

LGC Science Group Holdings Limited

Consolidated statement of financial position

at 31 March 2020

Assets	Notes	2020 £000	2019 £000
Non-current assets			
Property, plant and equipment	13	123,748	97,857
Intangible assets	14	1,508,976	1,255,835
Right-of-use assets	15	39,520	-
Long-term receivables	17	989	362
Deferred tax assets	11 (c)	132	8
Retirement benefit asset	23 (b)	7,160	-
Derivative asset	27(a)	-	12,635
		<u>1,680,525</u>	<u>1,366,697</u>
Current assets			
Inventories	18	147,181	86,424
Trade and other receivables	19	97,626	74,011
Income tax asset		5,877	6,763
Derivative asset	27(a)	406	1,457
Cash and cash equivalents	20	61,737	58,976
		<u>312,827</u>	<u>227,631</u>
Total assets		<u>1,993,352</u>	<u>1,594,328</u>
Equity and liabilities			
Issued share capital	21	67,067	60,493
Share premium	21	603,605	544,439
Foreign currency translation reserve		24,499	27,668
Hedging reserve	27(a)	38	1,018
Retained earnings		(227,269)	(92,988)
Equity attributable to equity holders of the Group		<u>467,940</u>	<u>540,630</u>
Non-controlling interests		30,706	10,773
Total equity		<u>498,646</u>	<u>551,403</u>
Non-current liabilities			
Loans and borrowings	22	1,164,973	862,503
Retirement benefit obligation	23 (c)	1,430	450
Deferred tax liabilities	11 (c)	81,099	59,284
Provisions	24	5,003	9,039
		<u>1,252,505</u>	<u>931,276</u>
Current liabilities			
Trade and other payables	25	135,478	101,568
Income tax liability		10,173	8,898
Derivative liability	27(a)	89,358	1,183
Loans and borrowings	22	7,192	-
		<u>242,201</u>	<u>111,649</u>
Total liabilities		<u>1,494,706</u>	<u>1,042,925</u>
Total equity and liabilities		<u>1,993,352</u>	<u>1,594,328</u>



Simon Parsons

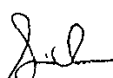
Chief Financial Officer

8 September 2020

Consolidated statement of financial position at 31 March 2020

LGC Science Group Holdings Limited
Statement of financial position of the Company
at 31 March 2020

	Notes	2020 £000	2019 £000
Non-current assets			
Investments in subsidiaries	16	600,938	436,483
Long-term receivables	17	1,396,427	1,177,142
Deferred tax assets	11	-	862
		<u>1,997,365</u>	<u>1,614,487</u>
Current assets			
Amounts owed by subsidiary undertakings	27(a)	39	1,018
Derivative asset		-	304
Income tax asset		39	1,322
		<u>1,997,404</u>	<u>1,615,809</u>
Total assets			
Equity and liabilities			
Share capital	21	67,067	60,493
Share premium	21	603,605	544,439
Hedging reserve	27(a)	38	1,018
Retained earnings		71,527	56,962
Total equity		<u>742,237</u>	<u>662,912</u>
Non-current liabilities			
Loans and borrowings	22	1,251,176	951,306
Current liabilities			
Income tax liability	25	273	408
Trade and other payables	27(a)	3,718	1,183
Derivative liability		-	-
Total liabilities		<u>1,255,167</u>	<u>952,897</u>
Total equity and liabilities		<u>1,997,404</u>	<u>1,615,809</u>



Simon Parsons
Chief Financial Officer
8 September 2020

LGC Science Group Holdings Limited

Consolidated statement of changes in equity

for the year ended 31 March 2020

	Issued Share capital £000	Share Premium £000	Foreign currency translation £000	Retained earnings £000	Hedging reserve £000	Total £000	Non- controlling interests £000	Total equity £000
At 31 March 2018	56,582	509,242	12,043	(88,020)	1,602	491,449	10,230	501,679
Loss for the year	-	-	-	(7,026)	-	(7,026)	1,748	(5,278)
Other comprehensive income	-	-	15,625	8,841	(584)	23,882	-	23,882
Total comprehensive income	-	-	15,625	1,815	(584)	16,856	1,748	18,604
Share capital issued in period	3,911	35,197	-	-	-	39,108	-	39,108
Changes in non-controlling interests	-	-	-	(6,783)	-	(6,783)	(1,205)	(7,988)
At 31 March 2019	60,493	544,439	27,668	(92,988)	1,018	540,630	10,773	551,403
Loss for the year	-	-	-	(45,219)	-	(45,219)	323	(44,896)
Other comprehensive income	-	-	(3,169)	3,889	(980)	(260)	-	(260)
Total comprehensive income	-	-	(3,169)	(41,330)	(980)	(45,479)	323	(45,156)
Share capital issued in period	6,574	59,166	-	-	-	65,740	-	65,740
Changes in non-controlling interests	-	-	-	(92,951)	-	(92,951)	19,610	(73,341)
At 31 March 2020	67,067	603,605	24,499	(227,269)	38	467,940	30,706	498,646

LGC Science Group Holdings Limited

Statement of changes in equity of the Company

for the year ended 31 March 2020

	Issued Share capital £000	Share Premium £000	Hedging reserve £000	Retained earnings £000	Total £000
At 31 March 2018	56,582	509,242	1,602	23,743	591,169
Profit for the year	-	-	-	33,219	33,219
Other comprehensive income	-	-	(584)	-	(584)
Total comprehensive income	-	-	(584)	33,219	32,635
Share capital issued in period	3,911	35,197	-	-	39,108
At 31 March 2019	60,493	544,439	1,018	56,962	662,912
Profit for the year	-	-	-	14,565	14,565
Other comprehensive income	-	-	(980)	-	(980)
Total comprehensive income	-	-	(980)	14,565	13,585
Share capital issued in period	6,574	59,166	-	-	65,740
At 31 March 2020	67,067	603,605	38	71,527	742,237

LGC Science Group Holdings Limited

Consolidated statement of cash flows

for the year ended 31 March 2020

	Notes	2020	2019
Loss for the period		(44,896)	(5,278)
Adjustments to reconcile to net cash flows			
Depreciation and amortisation	6	65,093	43,800
Profit on disposal of property, plant and equipment		(1,700)	(163)
Finance income	8	(544)	(875)
Finance cost	8	73,850	45,637
Income tax income	11	(1,880)	(4,542)
Movement in provisions	24	(4,392)	1,102
Unwind of fair value adjustments	7	18,109	8,024
Net foreign exchange differences		271	(408)
		103,911	87,297
Working capital adjustments			
Increase in inventories		(15,197)	(10,335)
Increase in trade and other receivables		(20,275)	(6,484)
Increase in trade and other payables		28,399	10,152
		(7,073)	(6,667)
Operating cash flows (before income tax)		96,838	80,630
Income taxes paid		(11,055)	(10,398)
Net cash flows from operating activities		85,783	70,232
Cash flows from investing activities			
Interest received		505	478
Proceeds from sale of property, plant and equipment		3,245	366
Contribution to defined benefit pension scheme	23	(1,500)	-
Minority interest purchase	27	(5,900)	-
Acquisition of tangible assets	13	(21,005)	(24,713)
Acquisition of intangible assets	14	(15,967)	(18,818)
Acquisition of subsidiary undertakings (net of cash acquired)		(285,468)	(179,232)
Net cash used in investing activities		(326,090)	(221,919)
Cash flows from financing activities			
Interest paid		(51,425)	(39,720)
Issue of share capital	21	65,741	39,108
Bank loans repaid		(5,299)	(32,535)
New borrowings		243,695	201,734
Repayment of lease liabilities		(7,649)	-
Interest paid on lease liabilities		(2,638)	-
Net cash flows from financing activities		242,425	168,587
Net increase in cash and cash equivalents		2,118	16,900
Net foreign exchange difference		643	260
Cash and cash equivalents at 1 April		58,976	41,816
Cash and cash equivalents at 31 March	20	61,737	58,976

(Signature)

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

1. Corporate information

The consolidated financial statements of LGC Science Group Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Directors and the Board on 8 September 2020. The Group and the Company is a private company limited by share capital incorporated in England and Wales and domiciled in United Kingdom.

The address of its registered office is:

LGC
Queens Road
Teddington
Middlesex
TW11 0LY

2. Accounting policies

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's") and the Companies Act 2006 applicable to companies reporting under IFRS as issued by the International Accounting Standards Board (ISAB).

The financial information is presented in GBP pounds (£) sterling and all values are rounded to the nearest thousand (£000) except where otherwise stated.

2.2 Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the year presented, unless otherwise stated.

Basis of preparation – the Group

The consolidated financial statements have been prepared in accordance with adopted IFRS and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Basis of preparation – the Company

The financial statements of the Parent company were prepared in accordance with FRS 101 and under historical cost accounting rules.

Disclosure exemptions

The Company has taken advantage of the following exemptions under IFRS:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 10(d) and 10(f) of IAS 1 Presentation of Financial Statements; and
- 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.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis, having regard to future projections for the Group and financing arrangements in place. Factors affecting future developments of the Group, including the potential impacts of COVID-19, are set out in the Group strategic report. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Parent has the banking facilities to provide adequate financing to support the Group's operations and the covenants set out in the facilities are, and are forecast to continue to be, satisfied.

The Directors note that the Group has access to a Revolving Credit Facility (RCF) of £265.0m which was undrawn at the date of signing these financial statements. No covenant tests apply to any of the Groups debt during the going concern period except if the RCF is more than 40% drawn and the Directors believe that is highly unlikely to be an event in the going concern period of at least 12 months from the date of signing these financial statements.

Whilst acknowledging the inherent risk in any plan, the Directors are concluding that, having considered the factors set out above, it is appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The Group financial statements consolidate the financial statements of LGC Science Group Holdings Limited and its subsidiary undertakings, drawn up to 31 March 2020. No income statement is presented for LGC Science Group Holdings Limited as permitted by section 408 of the Companies Act 2006.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

The Group has contractual arrangements with other parties that have joint control of the arrangement and have rights to the net assets of the arrangement. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. There has been no impact on the financial position, comprehensive income or cash flows of the Group.

Fair value measurement

The Group measures financial instruments such as derivatives and non-financial assets at fair value. The Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group determines each year whether transfers have occurred between levels of the hierarchy.

Revenue recognition

Revenue is recognised on the sale of goods and services based on the transfer of control of goods and services to customers under contracts. Five indicators of transfer of control are:

- Transfer of risks and rewards
- Transfer of legal title
- Right to payment for asset
- Transfer of physical possession
- Customer acceptance

To recognise revenue in accordance with the transfer of control of goods and services a five step model is applied to contracts, or appropriate groupings of contracts with similar characteristics on a portfolio basis:

- Identify the contracts with a customer
- Identify the separate performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the separate performance obligations
- Recognise revenue when the entity satisfies a performance obligation

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

Customers contract with the Group to purchase goods and services that are the output of the Group's ordinary activities in exchange for consideration over the contract term. There are five elements of a contract:

- Approved
- Rights of each party identified
- Payment terms identified
- Commercial substance
- Collectability

Contract modifications which represent a change to the scope of the contract and the price of the contract are accounted for as separate contracts. Otherwise, the contract modification is accounted for prospectively if remaining goods and services from a contract are distinct from the goods and services before the modification, and retrospectively where the goods and services are not distinct.

A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services.

A performance obligation is distinct where:

- A customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and
- The good or service is separately identifiable from other promises in the contract:
 - not an input into combined output specified by customer
 - does not significantly modify or customise another good or service promised in the contract
 - not highly dependent on, or highly interrelated with, other goods or services promised in the contract
 - not limited to these factors

Performance obligations under a contract are considered to be a series of distinct goods or services where the performance obligations are substantially the same and that have the same pattern of transfer to the customer:

- Each distinct good or service meet the criteria to be satisfied over time, and
- Same method to measure progress toward satisfaction of the performance obligation for each distinct good or service.

Where considered to be a series of distinct goods or services the performance obligations are treated as a single performance obligation, and revenue is recognised in the most appropriate way to measure completion of the performance obligation over time that best depicts the transfer of goods and services

The transaction price represents the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services. This is usually straight forward for the Group, being the price per good or service fixed per the contract.

On contracts with variable consideration, this is predicted considering past business practice and whether an amount of consideration is contingent on a future event. Variable consideration for the Group includes discounts, volume rebates and royalties, warranties and rights of return. Variable consideration is predicted using the most appropriate method for each contract:

- Expected value representing the sum of probability weighted events, which is more appropriate for a large number of contracts with similar characteristics.
- Most likely amount, which is most appropriate for a contract with only two possible outcomes

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section 'Provisions'. The Group also provides service type warranty on various goods and services, which are accounted for under revenue recognition.

(Signature)

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

The Group considers that, at contract inception, the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, and as such does not adjust the transfer price for the effects of a significant financing component.

Consideration payable to customer, such as rebates, reduces the transaction price, unless payment is in exchange for a distinct good or service transferred to the company by the customer.

The transaction price is not otherwise adjusted for collectability.

The transaction price is allocated to separate performance objectives based on the relative standalone selling prices, which are generally directly observable for the Group.

Discounts are allocated to all performance objectives relative to their stand-alone selling prices, as is other variable consideration excepting where variable consideration clearly relates to a single performance obligation and is applied to that single performance obligation.

Revenue is recognised as a performance obligation is satisfied. A performance obligation is satisfied when control of the good or service passes to the customer:

- Ability to direct the use of the good or service, including restricting other companies right to use the good or service
- Obtain substantially all of the remaining benefit or can be consumed immediately, as with services

Control, from the customers perspective, can transfer:

- Over time, where:
 - The customer simultaneously receives and consumes the benefit
 - Performance creates or enhances asset customer controls
 - Performance does not create an asset with alternative use for entity, and right to payment for work to date.
- If not over time, then control transfers at a point in time

When the performance objective is satisfied over time, a method must be used to measure progress over time and revenue which should be recognised:

- Output method: direct measurements of the value transferred to the customer
- Input method: efforts to satisfy the performance obligation
- Time based method: where the performance obligation is satisfied evenly over a period of time, or the Group stands ready obligation to perform over time
- Right to invoice: as a practical expedient where the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, the Group recognises revenue in the amount to which the entity has a right to invoice.

The incremental costs of obtaining contracts are recognised as an asset if the Group expects to recover them. As a practical expedient, the Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. For the Group these contract assets represent accrued income.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 'Financial instruments – initial recognition and subsequent measurement'.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. For the Group contract liabilities present deferred income and payment received on account.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the useful lives of the relevant assets by equal annual instalments.

Foreign currency transactions and balances

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in the Group's presentation currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction at spot rates or the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Foreign exchange gains and losses arising on settlement or translation of monetary items are presented in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in the income statement.

Non-monetary items measured that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

For group companies that have a functional currency different from the presentation currency, assets and liabilities are translated at the closing rate at the date of that balance sheet and the resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Current and deferred income tax

The tax income for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income or directly to equity.

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 Group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the Group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

Investments

Investments in subsidiaries are carried at cost less provision for impairment. In its separate financial statements the Company recognises its investments in subsidiaries at cost. Income is recognised from these investments only in relation to distributions received from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of the investment.

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. When significant parts of assets are required to be replaced at intervals, such parts are recognised as individual assets with specific useful lives and depreciated accordingly. All other repair and maintenance costs are recognised in the income statement as incurred.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Depreciation

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the original cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Asset class	Depreciation method and rate
Freehold Buildings	40 years
Short-term leasehold buildings	lesser of 5-14 years or period of lease
Building plant	5-12 years
Scientific equipment	3-15 years
Other equipment	2-5 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the period to which the expenditure relates.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses, if any. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the income statement.

(Signature)

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

Goodwill is not subject to amortisation but is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.

Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class

IP and other intangibles

Internally generated development costs

Amortisation method and rate

straight line over period between 6 and 19 years

straight line over period between 2 and 10 years

Leases

At the commencement of a contract, the Group assesses whether it is or contains a lease. A contract is or contains a lease if it transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group will only reassess whether a contract is or contains a lease where the terms and conditions are changed, which would not include the exercise or failure to exercise an option.



LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

Leasee accounting

A lease contract may contain several components, some which are lease components relating to the right to control the use of an identified asset which are recognised by the Group as a lease, non-lease components which relate to an agreement to purchase or sell other goods and services such as maintenance or supply of facilities and are generally expensed by the Group, and admin fees which do not relate to the transfer of goods and services such as admin fees which are expensed by the Group. The Group allocates consideration under the contract to each lease and non-lease component based on standalone prices of the components. Where no standalone price is available, the Group will estimate the standalone price whilst maximising the use of observable information.

The Group has made elections related to several practical expedients contained in IFRS 16:

- Applied a practical expedient to not separate non-lease components from lease components, and instead to account for both as lease components for the asset class 'Data-communications'.
- Applied a practical expedient to not to apply lease requirements to low value assets on a lease by lease basis.
- Applied a practical expedient not to apply lease requirements to short-term assets for all classes of right of use asset.

Initial recognition

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease contract.

At the commencement date the Group measures a right-to-use asset at cost, which includes the initial measurement of the lease liability.

The initial measurement of the lease liability is the present value of minimum lease payments over the lease term.

The Group estimates the lease term as the committed period of the lease, as adjusted for additional periods covered by an option to extend the lease which is considered reasonably certain to be exercised, and periods covered by an option to terminate which is considered not reasonable certain to be exercised.

The Group discounts the minimum lease payments using the interest rate implicit on the lease where available. Where the implicit rate cannot be readily determined the Group uses the incremental borrowing rate.

Subsequent measurement of the right-of-use asset

Right-of-use assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is provided on all right-of-use assets, at rates calculated to write off the original cost of each asset evenly over its expected useful life.

Subsequent measurement of the lease liability

After the commencement date, the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications specified in paragraphs 39–46, or to reflect revised in-substance fixed lease payments

Leases – Group as a lessor

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees are classified as finance leases. At inception the leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised in the statement of financial position. The amount receivable within one year or less is classified as a current asset and included in "Trade and other receivables" with the amount receivable after more than one year classified as a non-current asset and included in "Long-term receivables".

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income. Each lease payment received is applied against the gross investment or asset in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in the income statement on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in the income statement over the lease term on the same basis as the lease income.

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment at each reporting date or when events or changes in circumstances indicate the carrying value may not be recoverable. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 'Revenue'.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes loan notes.



LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

Financial assets at fair value through OCI

For debt instruments at fair value through OCI, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI include Derivatives, which are designated as effective hedging instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

The cost of finished goods and work in progress comprises direct materials, direct labour and, where applicable, attributable overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in income statement.

Inventories include fair value uplifts identified in accordance with IFRS 3 "Business combinations" that are unwound through the Consolidated income statement. A key judgement is the unwind of these uplifts which is determined based on the sale of inventories that existed at the point of acquisition and was subject to a fair value uplift. Due to the material nature of these unwinds they are disclosed separately in the Consolidated statement of cash flows and as a material, unusual and non-recurring item in the Consolidated income statement and note 7.

Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.



LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps and interest rate caps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The expense relating to any provision is presented in the income statement net of any reimbursement.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

Warranty provisions

Provisions for warranty-related costs are recognised when a product is sold or a service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business, or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, an appropriate timeline, and the employees affected have been notified of the plan's main features.

Material, unusual and non-recurring items

Material, unusual and non-recurring items are disclosed separately in the financial statements where it is necessary to do so to provide a better understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans:

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current or prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset to the extent a cash refund or a reduction in the future payments is available.

Defined benefit pension obligation

The Group, through the acquisition of LGC Science Group Limited, operates a defined benefit pension plan which requires contributions to be made to separately administered funds. The scheme was closed to new members on 1 October 2002 from which time membership of a defined contribution plan became available.

During 2015 the Group closed its UK defined benefit pension scheme to future accrual of benefits for current employees. The closure of the scheme to future accrual helps align pension benefits more consistently across all of the Group's employees and manage volatility risk in relation to the schemes funding position. Employees impacted by this change have been provided with transitional benefits in respect of the Group's defined contribution pension scheme.

The cost of providing benefits under the defined benefit plan is determined separately using the projected unit method. The defined benefit obligation is calculated annually by independent actuaries.

The present value of the defined benefit obligation are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Re-measurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the income statement in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined liability or asset.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

The Group recognises the following changes in the net defined benefit obligation under "Other administration and operating" in the income statement:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Share-based payments

Certain employees are granted share appreciation rights, which are settled in cash. The fair value is measured initially and at each reporting date up to and including the settlement date, with any changes in fair value recognised in employee benefits expense. The Company uses the fair value of shares of its ultimate parent to determine the fair value of the share appreciation rights. The fair value of the shares in the ultimate parent are determined using a market approach, which is then benchmarked against precedent transactions.

The carrying amount of the liability relating to share appreciation rights is £18.5m (2019: £nil). The expense recognised during the year is £18.5m (2019: £nil).

2.3 New and amended standards and interpretations

The Group applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

IFRS 16 Leases

IFRS 16 Leases supersedes IAS 17 Leases and related interpretations, and applies to all lease contracts held by the Group. IFRS 16 establishes a model to account for lease contracts, and requires that all lease contracts be recognised as right-of-use assets and lease liabilities on the statement of financial position, except where practical expedients for short term leases and low value leases can be applied.

IFRS 16 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying the standard to lease contracts. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the Group has elected to recognise a lease liability for all leases at the application date, measured at the present value of the remaining lease payments, and discounted using the incremental borrowing rate for portfolios of leases with reasonably similar characteristics on the application date. The Group has also elected to recognise a right-of-use asset equal to the lease liability.

The effect of initially applying IFRS 16 is recognising the opening lease liability at the transition date, and recognising a corresponding right-of-use asset. Therefore, the comparative information was not restated and continues to be reported under IAS 17 and related interpretations.

The Group has also elected to apply practical expedients to rely on its assessment of whether leases are onerous immediately before the date of initial application, and to use hindsight in determining lease terms on transition.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

Operating lease obligations at 31 March 2019 are reconciled to the transition value of lease liabilities at 1 April 2019, as follows:

	1 April 2019
	£000
Operating lease obligations at 31 March 2019	41,703
IFRS 16 lease additions	10,534
Gross lease liabilities at 1 April 2019	52,237
Discounting	(8,434)
Lease liabilities at 1 April 2019	43,803

The lease liabilities were discounted at the incremental borrowing rate as at 1 April 2019. The weighted average discount rate was 6.2%. IFRS 16 lease additions on the transition lease liability include recognition of options considered as reasonably certain to be exercised, and recognition of the data-communications right-of-use asset.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

Annual Improvements 2015-2017 Cycle - IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

LGC Science Group Holdings Limited
Company Secretary

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

2. Accounting policies (continued)

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

3. Judgements and key sources of estimation uncertainty

The preparation of historical financial information typically requires management to make judgements, estimates and assumptions that affect the reported accounts of revenue, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. 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.

Assessment of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on a fair value less costs of disposal calculation with reference to the transaction on 21 April 2020 whereby the Group was sold to a consortium jointly led by Astorg and Cinven.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Defined benefit plans

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about pension obligations are provided in note 23.

Leases

The recognition of right-of-use assets and lease liabilities requires the use of judgement and estimates. Judgement is required in the initial assessment of whether the contract is or contains a lease. In determining the lease term the Group is required to make judgements on whether extension and termination options are reasonably certain to be exercised, considering all relevant facts and circumstances which create an economic incentive to exercise. Judgement and estimation is required in assessing the interest rate at which the lease liability is discounted, in particular where the incremental borrowing rate is used. The Group has taken a treasury approach to the calculation of the incremental borrowing rate. The present value of the lease payment is determined using the discount rate representing the risk free rate applicable for the currency of the lease contract and for similar term, adjusted by the average credit spread of entities with similar credit rating to that of the Group, as observed in the period in which the lease contract commences or is modified.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

4. Business combinations

a) 2020

Toronto Research Chemicals Inc

On 9 August 2019 the Group acquired 75% of the ordinary capital of Biomed Pharmaceutical Limited, the parent company of Toronto Research Chemicals Inc a leading manufacturer of synthetic organic bio-chemicals which are used as reference standards, research tools and building blocks, and Synfine Research Limited, as well as 100% of related owned property. Toronto Research Chemicals Inc is based in North York, Ontario, Canada.

The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Total fair value £000
Assets and liabilities acquired	
Financial assets	5,631
Inventory	65,954
Property, plant and equipment	22,243
Identifiable intangible assets	70,654
Financial liabilities	(4,718)
Deferred tax liabilities	(36,144)
Total identifiable assets	123,620
Goodwill	177,545
Non-controlling interests	(26,751)
Total consideration	274,414
 Total cash consideration	 274,414
Less: cash and cash equivalent balances acquired	(3,170)
Net cash outflow arising on acquisition	271,244

Adjustments made to the fair value of identifiable intangible assets acquired include the value of internally developed intellectual properties, brand and customer relationships based on the final revaluations in accordance with IFRS 3 "Business combinations". The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire the Company which complements the existing business and creates significant opportunities for cross-selling and other synergies.

From the date of acquisition, Toronto Research Chemicals Inc contributed £24.7m of revenue and £5.2m of profit before tax on ordinary activities of the Group. If the combination had taken place on the first day of the financial year, revenue would have been £38.3m and profit before tax would have been £2.6m.

As part of the business combination the Group entered into a put option to purchase the non-controlling interest, details of which are disclosed in note 27.

Initial accounting for Toronto Research Chemicals Inc has not been completed for identifiable intangible assets due to the independent valuation not being completed at 31 March 2020.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

4. Business combinations (continued)

C/D/N Isotopes Inc

On 20 January 2020 Biomed Pharmaceutical Limited, a company in which the Group holds 75% of the voting rights, acquired 100% of the ordinary capital in 9123725 Canada Inc, 9123806 Canada Inc and 9123822 Canada Inc, the parent holdings companies of C/D/N Isotopes Inc, a leading manufacturer and supplier of deuterium labelled compounds, as well as 100% of related owned properties. C/D/N Isotopes Inc is based in Montreal, Canada. On 21 January 2020 the holding companies were amalgamated into C/D/N Isotopes Inc.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Total fair value £000
Assets and liabilities acquired	
Financial assets	914
Inventory	658
Property, plant and equipment	2,243
Financial liabilities	(727)
Deferred tax liability	(68)
Total identifiable assets	3,020
Goodwill	11,711
Non-controlling interests	(318)
Total consideration	14,413
 Total cash consideration	 14,413
Less: cash and cash equivalent balances acquired	(189)
Net cash outflow arising on acquisition	14,224

The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire the Company which complements the existing business and creates significant opportunities for cross-selling and other synergies.

From the date of acquisition, C/D/N Isotopes Inc contributed £0.8m of revenue and £0.4m of profit before tax on ordinary activities of the Group. If the combination had taken place on the first day of the financial year, revenue would have been £4.2m and profit before tax would have been £2.0m.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

4. Business combinations (continued)

(b) 2019

BioAutomation Corporation

On 27 April 2018 the Group acquired 100% of the ordinary capital in BioAutomation Corporation, manufacturer of the renowned MerMade oligo synthesis instruments. BioAutomation is based in Irving, Texas, USA.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Total fair value £000
Assets and liabilities acquired	
Financial assets	998
Inventory	612
Property, plant and equipment	86
Financial liabilities	(379)
Total identifiable assets	1,317
Goodwill	3,881
Total consideration	5,198
 Total cash consideration	 5,198
Less: cash and cash equivalent balances acquired	(79)
Net cash outflow arising on acquisition	5,119

The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire the Company which complements the existing business and creates significant opportunities for cross-selling and other synergies.

From the date of acquisition, BioAutomation Corporation contributed £4.3m of revenue and £0.3m of profit before tax on ordinary activities of the Group. If the combination had taken place on the first day of the financial year, revenue would have been £4.9m and profit before tax would have been £0.5m.

Berry & Associates

On 26 September 2018 the Group acquired 100% of the ordinary capital in acquired Berry and Associates, a premier supplier of specialty oligo reagents. Berry and Associates is based in Dexter, near Ann Arbor, Michigan, USA.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Total fair value £000
Assets and liabilities acquired	
Financial assets	523
Inventory	962
Property, plant and equipment	447
Financial liabilities	(123)
Total identifiable assets	1,809
Goodwill	5,571
Total consideration	7,380

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

4. Business combinations (continued)

	Total fair value £000
Total cash consideration	7,380
Less: cash and cash equivalent balances acquired	(129)
Net cash outflow arising on acquisition	7,251

The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire the Company which complements the existing business and creates significant opportunities for cross-selling and other synergies.

From the date of acquisition, Berry & Associates contributed £1.3m of revenue and £0.3m of profit before tax on ordinary activities of the Group. If the combination had taken place on the first day of the financial year, revenue would have been £3.0m and profit before tax would have been £0.7m.

SeraCare Life Sciences, Inc

On 21 November 2018 the Group acquired 100% of the ordinary capital of Project Plasma Holdings Corporation, the holding company for SeraCare Life Sciences, Inc, a manufacturer and leading partner to global in vitro diagnostics manufacturers and clinical laboratories, and Kirkegaard & Perry Laboratories, Inc. SeraCare Life Sciences, Inc is based in Milford, Massachusetts, USA, and Gaithersburg, Maryland, USA.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Total fair value £000
Assets and liabilities acquired	
Financial assets	21,301
Inventory	23,686
Property, plant and equipment	2,384
Identifiable intangible assets	75,448
Financial liabilities	(29,040)
Total identifiable assets	93,779
Goodwill	64,911
Total consideration	158,690
 Total consideration	 158,690
Less: deferred consideration	(239)
Cash paid	158,451
Less: cash and cash equivalent balances acquired	(4,206)
Net cash outflow arising on acquisition	154,245

Adjustments made to the fair value of identifiable intangible assets acquired include the value of internally developed intellectual properties, registered IP and customer relationships based on the final revaluations in accordance with IFRS 3 "Business combinations". The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire the Company which complements the existing business and creates significant opportunities for cross-selling and other synergies.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

4. Business combinations (continued)

From the date of acquisition, SeraCare Life Sciences, Inc contributed £13.8m of revenue and £0.2m of profit before tax on ordinary activities of the Group. If the combination had taken place on the first day of the financial year, revenue would have been £40.6m and profit before tax would have been £0.7m.

M.B.H. Analytical Limited

On 11 December 2018 the Group acquired 100% of the ordinary capital in M.B.H. Analytical Limited, a leading manufacturer of metal alloy reference materials, based in Barnet, UK.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Total fair value £000
Assets and liabilities acquired	
Financial assets	845
Inventory	2,920
Property, plant and equipment	982
Financial liabilities	(387)
Total identifiable assets	4,360
Goodwill	1,075
Total consideration	5,435
 Total cash consideration	 5,435
Less: cash and cash equivalent balances acquired	(752)
Net cash outflow arising on acquisition	4,683

The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire the Company which complements the existing business and creates significant opportunities for cross-selling and other synergies.

From the date of acquisition, M.B.H. Analytical Limited contributed £0.5m of revenue and £0.1m of profit before tax on ordinary activities of the Group. If the combination had taken place on the first day of the financial year, revenue would have been £2.1m and profit before tax would have been £0.5m.



LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

5. Revenue

(a) Disaggregated revenue information

<i>Goods and services</i>	2020	2019
	£000	£000
Sale of goods	373,313	269,147
Rendering of services	118,535	118,305
	491,848	387,452

<i>Performance Obligations</i>	2020	2019
	£000	£000
Reference materials, Oligos, PCR and NGS	314,392	224,448
Specialised therapeutic services and Lab services	47,908	44,567
Proficiency testing	47,062	42,836
Supply chain assurance	33,916	30,391
Instruments, Service and Software	15,239	14,455
National laboratory and science	27,961	25,390
Other	5,370	5,365
	491,848	387,452

(b) Contract balances

Revenue recognised in the reporting period included in contract liabilities at the beginning of the period was £37.2m (2019: £26.8m). There was no revenue recognised in the reporting period from performance obligations satisfied or partially satisfied in previous periods.

The timing of revenue recognition, invoicing and cash collections results in trade receivables, accrued income (contract assets) deferred income and payments received on account (contract liabilities) on the Group Statement of financial position. The Group typically invoices and recognises revenue when goods are dispatched, or under the right to invoice practical expedient. Where the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, the Group recognises revenue in the amount to which the entity has a right to invoice. Where the terms of shipping differ from this the revenue is deferred to later periods when the performance obligation is satisfied, and where payments are received in advance of invoicing these are held as contract liabilities on the Statement of financial position until the revenue is invoiced. Where performance obligations have been fulfilled, but the work has not been invoiced revenue will be accrued and recognised on the Statement of financial position as accrued income.

Changes in the contract asset and contract liability balances were not materially impacted by other factors.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

5. Revenue (continued)

(c) Performance obligations

Performance Obligation	When Performance Obligation is Typically Satisfied	When Payment is typically due	How Stand-alone Selling Price is typically estimated
Reference materials, Oligos, PCR and NGS	Shipment of the goods	30-90 days from invoicing	Directly observable
Specialised therapeutic services and Lab services	Delivery of report to customer	30-90 days from invoicing	Directly observable
Proficiency testing	Delivery of report to customer	30-90 days from invoicing	Directly observable
Supply chain assurance	Delivery of report to customer	30-90 days from invoicing	Directly observable
Instruments, Service and Software	Shipment of the goods	30-90 days from invoicing	Directly observable
National laboratory and science	Distribution of agreed funds for authorised purposes	30-90 days from invoicing	Directly observable

(d) Transaction price allocated to remaining performance obligations

Under the practical expedient the Group has not disclosed information about the aggregate amount of transaction price allocated to unsatisfied performance objectives, as the Groups contracts meet at least one of the two conditions:

- The original expected duration of the underlying contract is one year or less; or
- The Group recognises revenue from the satisfaction of performance obligation under the right to invoice practical expedient (please see Contract balances section above).

6. Group operating profit

This is stated after charging /(crediting):

		2020 £000	2019 £000
Auditor's remuneration	- audit fees	751	625
	- corporate finance advisory	2,852	221
	- taxation services	-	81
Depreciation expense	-property, plant and equipment	18,229	15,048
	- right-of-use assets	8,838	-
Amortisation of intellectual property		34,855	26,377
Amortisation of development costs		3,171	2,361
Expenses relating to leases of low-value assets		19	-
Operating lease rentals	- land and buildings	-	6,255
	- plant and machinery	-	1,026
Foreign exchange (gains) and losses		271	(408)
Research and development expense		25,276	23,985

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

7. Material, unusual and non-recurring items

Within the Consolidated income statement, items that are material, either because of their size or their nature, or that are unusual or non-recurring, are presented within the line items to which they best relate.

In order to provide users with additional information to assist their understanding of the Consolidated income statement, "Adjusted EBITDA" is presented as an alternative performance measure.

Adjusted EBITDA is operating profit before unrealised foreign exchange gains and losses, depreciation, amortisation, material, unusual and non-recurring items. Adjusted EBITDA is not specifically defined under, nor presented in accordance with IFRS.

Adjusted EBITDA is one of the Group's key performance indicators and is monitored by Management, Investors, Lenders and other stakeholders as a measure of recurring, comparable, underlying performance. Adjusted EBITDA provides a meaningful comparison of how the Group's performance is managed and measured on a day-to-day basis by key stakeholders.

You should not therefore consider it as an alternative to profit / loss for the year as determined in accordance with IFRS. Material, unusual and non-recurring items in the year are as follows:

	2020	2019
	£000	£000
Unwind of inventory fair value step ups	18,109	8,024
Costs associated with mergers and acquisitions	11,621	9,448
Costs of integrating acquisitions	4,477	6,250
Costs associated with the disposal of the Forensics & Security business	298	155
Restructuring and reorganisation costs	2,518	2,734
KKR integration costs	620	757
Costs associated with the sale of the Group	28,611	-
	66,254	27,368

Unwind of inventory fair value step ups are in line with the accounting policy disclosed in note 2, which have a material impact on the profit performance of the Group until such time as they are fully unwound.

Costs associated with mergers and acquisitions principally relate to financial and commercial due diligence, advisory fees, deferred consideration expensed under IFRS 3 and adjustments to acquisition net assets outside of the IFRS 3 measurement period.

The cost of integrating acquisitions relates to one off costs to restructure the acquired businesses and costs to bring processes and systems in line with LGC.

The costs associated with the disposal of the Forensics & Security business relate to financial and commercial due diligence, legal and advisory fee and corporate finance fees.

Restructuring, reorganisation and other initiative costs reflect the costs associated with restructuring and reorganisation projects and include termination payments, cessation costs, advisory fees and other similar payments. They also include other specific items that are material, either because of their size or their nature, or that are unusual or non-recurring, and would otherwise impair the users understanding of recurring, underlying performance.

KKR integration costs relate to material non-recurring projects that were instigated by KKR following the acquisition of LGC Science Group Limited.

Costs associated with the sale of the Group are advisory fees, financial and commercial due diligence, and certain share appreciation rights in line with the accounting policy disclosed in note 2.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

8. Finance income and cost

	2020 £000	2019 £000
Finance income		
Interest income on bank deposits	504	477
Gain on foreign exchange forward contracts	-	398
Other finance income	40	-
Total Finance income	544	875

	2020 £000	2019 £000
Finance cost		
Interest on bank overdrafts and borrowings	(51,427)	(39,719)
Interest on Long-term loan notes	(625)	(572)
Amortisation of debt issue costs	(3,725)	(2,880)
Interest rate cap	(2,474)	(793)
Option exercised	(12,890)	(1,428)
Loss on foreign exchange forward contracts	(71)	-
Interest on lease liabilities	(2,638)	-
Other finance costs	-	(245)
Total Finance cost	(73,850)	(45,637)

9. Staff costs and Directors remuneration

(a) Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2020 £000	2019 £000
Wages and salaries	173,024	129,825
Social security costs	16,061	13,170
Other pension costs	6,169	4,725
	195,254	147,720

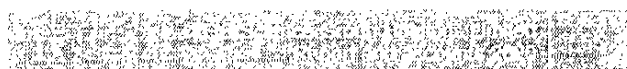
There has been no expense on share base payment schemes recognised in the year.

Included in other pension costs are £198,000 (2019: £218,000) in respect of the defined benefit scheme and £5,971,000 (2019: £4,517,000) in respect of the defined contribution scheme.

The average number of persons employed by the Group (including Directors) during the period, analysed by category was as follows:

	2020 No.	2019 No.
Average monthly number of employees		
Scientific	1,785	1,464
Administration and management	1,398	1,140
Continuing operations	3,183	2,604
Discontinued operations	-	-
	3,183	2,604

There were no staff employed by the Company during the period (2019: None).



LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

9. Staff costs and Directors remuneration (continued)

(b) Directors' remuneration

The Directors' remuneration for the period was as follows:

	2020	2019
	£000	£000
Aggregate remuneration in respect of qualifying services	2,381	2,170

	2020	2019
	No.	No.
The number of Directors receiving remuneration during the period	6	6
The number of Directors accruing benefits under a defined contribution pension scheme	6	6

	2020	2019
	£000	£000
Aggregate remuneration in respect of the highest paid Director	755	734

During the period, the Group made contributions of £25,500 (2019: £24,000) to defined contribution pension schemes on behalf of the Directors.

The Company believes that key management personnel as defined in IAS 24 is comprised solely of the statutory Directors of the Company. As such, no additional disclosures are provided in respect of key management personnel.

10. Discontinued operations

Discontinued operations in the Consolidated income statement consists of the Forensics and Security business, which was sold in October 2017 for cash proceeds of £30.3m, the ParaDNA business and the Residues business. The following table summarises the results of discontinued operations:

	2020	2019
	£000	£000
Revenue	-	265
Expenses	-	(714)
Loss before tax from discontinued operations	-	(449)
Tax expense on loss	-	-
Loss for the period from discontinued operations	-	(449)

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

11. Taxation

Tax credited in the income statement:

(a) Analysis of charge credit in period:

	2020 £000	2019 £000
Current tax		
UK income tax charge	-	230
Adjustments in respect of current UK income tax of previous years	161	64
Foreign tax	13,869	6,219
Adjustments in respect of current Foreign income tax of previous years	(1,433)	2,599
Total current tax	12,597	9,112
Deferred tax		
Relating to origination and reversal of temporary differences	(14,705)	(11,282)
Adjustments in respect of previous years	986	(2,372)
Change in rates	(758)	-
Total deferred tax	(14,477)	(13,654)
Total tax income for the period	(1,880)	(4,542)
Consolidated statement of other comprehensive income		
Deferred tax related to items recognised in other comprehensive income during the period	893	-
Employee defined benefit plans / foreign exchange rate revaluation	-	2,187
	893	2,187

(b) Factors affecting tax income for the period:

The tax on loss before tax for the period is higher than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020 £000	2019 £000
Loss from continuing operations before taxation	(46,776)	(9,371)
Loss from discontinued operations before taxation	-	(449)
	(46,776)	(9,820)
Corporation tax at standard rate of 19%	(8,887)	(1,866)
Effects of:		
Expenses not deductible for tax purposes	5,282	2,869
Adjustments with respect to prior years	(285)	298
Higher foreign tax rates on overseas earnings	2,521	1,531
Movement in unrecognised deferred taxes	1,434	(2,125)
Patent Box	(102)	(80)
Rate change adjustment	(894)	(4,625)
Recognition of previously unrecognised tax assets	-	(195)
Group relief received / surrendered for nil payment	-	(349)
Non-taxable foreign exchange gain	(949)	-
Total tax for the period	(1,880)	(4,542)

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

11. Taxation (continued)

(c) Deferred tax assets and liabilities

Deferred tax relates to the following:

	2020 £000	2019 £000
Accelerated tax depreciation	5,423	3,972
Intangibles	(90,130)	(75,047)
Inventory	(7,198)	(1,543)
Goodwill	(13,414)	(12,462)
General provisions - incl bad debt	504	275
Pensions – defined contribution	162	(160)
Pensions – other	(1,170)	-
Foreign exchange movements	(361)	(227)
Interest accrued / deferred	7,042	7,171
Research and development	(2,065)	(1,339)
Other timing differences	1,724	1,568
Accrued bonuses, compensation, sick pay and vacation	5,271	848
Share options	(277)	-
Interest swaps and forward contracts	(31)	(33)
Revaluation of land and buildings	(1,916)	(1,768)
Losses	15,469	19,469
Net deferred tax liability	(80,967)	(59,276)

Reflected in the statement of financial position as follows:

Deferred tax assets	132	8
Deferred tax liabilities	(81,099)	(59,284)
Net deferred tax liability	(80,967)	(59,276)

Reconciliation of net deferred tax liability

	2020 £000	2019 £000
Opening	(59,276)	(60,624)
Adjustment on initial application of IFRS 15	-	882
Tax income during the period recognised in the Income Statement	14,477	13,654
Tax charge during the period recognised in Other Comprehensive Income	(893)	(2,187)
Foreign exchange movements	(1,098)	874
Deferred tax arising on business combinations	(34,177)	(11,875)
At 31 March	(80,967)	(59,276)

There is a deferred tax asset of £131,775 (2019: £8,000) recognised in the statement of financial position.

Group companies have tax losses carried forward at 31 March 2020 of approximately £104.2m (2019: £134.4m). Of the related deferred tax asset of £22.8m (2019: £24.0m), £1.9m (2019: £1.8m) has been recognised to offset the deferred tax liability on future capital gain on land and buildings and £13.6m (2019: £18.1m) recognised to offset against future taxable profit in accordance with IAS 12. The remaining deferred tax asset of £7.3m (2019: £4.0m) has not been recognised as the recognition criteria of IAS 12 have not been met.

Group companies have depreciation in excess of capital allowances of approximately £32.46m (2019: £29.8m). The related deferred tax asset is £5.42m (2019: £4.0m) which has been recognised in accordance with IAS 12.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

11. Taxation (continued)

(d) Factors that may affect future tax charges

At Spring Budget 2020, the government announced measure to set the Corporation Tax main rate at 19% for the financial year beginning 1 April 2020. This maintains the rate at 19%, rather than reducing it to 17% from 1 April 2020. The charge to Corporation Tax and the main rate will also be set at 19% for the financial year beginning 1 April 2021.

The deferred tax on temporary differences and tax losses as at 31 March 2020 was calculated at the rate applicable to the year in which the temporary differences and tax losses are expected to reverse.

No deferred tax liability is provided in respect of any future remittance of earnings of foreign subsidiaries where the Group is able to control the remittance of earnings and it is probable that such earnings will not be remitted in the foreseeable future, or where no liability would arise on the remittance. The aggregate amount of temporary differences in respect of unremitted earnings for which deferred tax liabilities have not been recognised is £92.69m (2019: £73.06m)

12. Result attributable to members of the Company

As permitted by section 408(3) of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The profit dealt with in the financial statements of the Company was £14,565,000 (2019: profit of £33,219,000).



LGC Science Group Holdings Limited
Notes to the financial statements
at 31 March 2020

13. Property, plant and equipment

Group	Freehold land and buildings £000	Short-term leasehold buildings £000	Building Plant £000	Scientific equipment £000	Other Equipment £000	Total £000
Cost:						
At 31 March 2018	39,949	11,638	5,638	31,519	19,202	107,946
Acquisitions	1,385	562	100	1,258	594	3,899
Additions	1,227	2,936	3,879	11,733	4,938	24,713
Transfers	-	-	-	-	(2,356)	(2,356)
Disposals	-	(15)	(30)	(184)	(98)	(327)
Foreign exchange translation	553	437	74	399	170	1,633
At 31 March 2019	43,114	15,558	9,661	44,725	22,450	135,508
Acquisitions	18,362	577	171	5,204	172	24,486
Additions	376	1,712	993	10,573	7,351	21,005
Transfers	-	-	(2,183)	2,183	-	-
Disposals	(970)	(66)	(74)	(406)	(28)	(1,544)
Foreign exchange translation	(915)	357	228	680	335	685
At 31 March 2020	59,967	18,138	8,796	62,959	30,280	180,140
Depreciation:						
At 31 March 2018	2,133	1,688	1,497	10,651	6,843	22,812
Charge for the period	938	1,864	581	7,146	4,533	15,062
Disposals	-	(8)	(4)	(40)	(72)	(124)
Transfers	-	-	-	-	(532)	(532)
Foreign exchange translation	45	121	11	165	91	433
At 31 March 2019	3,116	3,665	2,085	17,922	10,863	37,651
Charge for the period	1,132	1,956	1,456	8,623	5,062	18,229
Disposals	-	-	(11)	(211)	(15)	(237)
Foreign exchange translation	123	102	114	334	76	749
At 31 March 2020	4,371	5,723	3,644	26,668	15,986	56,392
Net book value:						
At 31 March 2020	55,596	12,415	5,152	36,291	14,294	123,748
At 31 March 2019	39,998	11,893	7,576	26,803	11,587	97,857

The element of land included in the net book value of freehold land and buildings at 31 March 2020 is £21.4m (2019: £13.9m).

No assets are held under finance leases.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

14. Intangible assets

Group	Goodwill £000	IP and Other intangibles £000	Internally generated development Costs £000	Total Intangibles £000
Cost:				
At 31 March 2018	770,639	352,884	5,774	1,129,297
Acquisitions	75,628	75,448	-	151,076
Other additions	-	14,234	4,584	18,818
Transfers	-	1,053	1,303	2,356
Disposals	-	(119)	(58)	(177)
Foreign exchange translation	18,468	8,291	310	27,069
At 31 March 2019	864,735	451,791	11,913	1,328,439
Acquisitions	189,256	70,623	31	259,910
Other additions	-	4,819	11,148	15,967
Disposals	-	(15)	(51)	(66)
Foreign exchange translation	9,788	7,407	412	17,607
At 31 March 2020	1,063,779	534,625	23,453	1,621,857
Amortisation:				
At 31 March 2018	-	41,522	926	42,448
Charge for the period	-	26,377	2,361	28,738
Disposals	-	(17)	(10)	(27)
Transfers	-	69	463	532
Foreign exchange translation	-	895	18	913
At 31 March 2019	-	68,846	3,758	72,604
Charge for the period	-	34,855	3,171	38,026
Disposals	-	(7)	(51)	(58)
Foreign exchange translation	-	2,166	143	2,309
At 31 March 2020	-	105,860	7,021	112,881
Net book value:				
At 31 March 2020	1,063,779	428,765	16,432	1,508,976
At 31 March 2019	864,735	382,945	8,155	1,255,835

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment. The Group has calculated the recoverable amount using a fair value less costs of disposal calculation. The fair value has been determined with reference to the transaction on 21 April 2020 whereby the Group was sold to a consortium jointly led by Astorg and Cinven.

Management believes that no reasonably possible change in any of the key assumptions would result in the carrying value of any CGU to exceed its recoverable amount.



LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

15. Right-of-use Assets

Group	Right-of-use assets 2020	Depreciation charge 2020
	£000	£000
Rental property	36,828	7,106
Data-communications	1,516	1,017
Other	1,176	715
	39,520	8,838

Additions to the right-of-use assets during 2020 were £4.0m.

The total cash outflows for leases during 2020 were £10.3m.

Rental property

The Group leases offices, lab spaces and warehouses around the world. At the year end the Group holds 60 rental property leases, for various terms with a typical length between 5 and 10 years. Some rental property leases feature extension options, typically of 5 years, for which the Group has extended the lease term where it considered reasonably certain to exercise. A small number of the rental property leases, typically in the US, are indexed annually in line with a local index.

Data-communications

The Group holds a contract for provision of data communication services, in which an asset has been identified for 'last-mile' access to the relevant network and which has therefore been recognised as a right-of-use asset. The Group has taken a practical expedient to not separate non-lease components from lease components, accounting for both as lease components.

16. Investments

Company

In the year to 31 March 2020 the Company acquired 100% of the newly issued preference shares of its subsidiary, LGC Science Holdings Limited. In the year to 31 March 2019 the Company acquired 100% of the newly issued ordinary shares of its subsidiary, LGC Science Group Limited.

	£000
At 31 March 2018	277,981
Acquisitions	158,502
At 31 March 2019	436,483
Acquisitions	164,455
At 31 March 2020	600,938

Details of the investments in which the Group holds 20% or more of the nominal value are disclosed in note 32.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

17. Long-term receivables

Group	2020 £000	2019 £000
Lease rentals receivable	199	362
Trade receivables	790	-
	989	362

The Group is a lessor in a non-cancellable leveraged lease agreement entered into during 2017. At the end of the lease term the lessee has the option to purchase the equipment being leased, otherwise the equipment will be returned to the Group. The Group has taken into account the unrealised portion of deferred interest and related deferred tax. Interest income is recognised when received.

Plant and equipment investment	2020 £000	2019 £000
Minimum lease rentals receivable	884	841
Estimated residual value	13	12
Gross investment	897	853
Unearned finance income	(147)	(139)
Present value of the minimum lease rentals receivable	750	714

Total minimum lease rentals receivable		
Within 1 year	676	445
Within 2-5 years	208	396
	884	841

Present value of the total minimum lease rentals receivable		
Within 1 year	538	340
Within 2-5 years	199	362
Residual value	13	12
	750	714

Company	2020 £000	2019 £000
Long-term loan notes (including accrued interest)	1,268,741	1,060,819
Preference shares accrued dividends	7,735	-
Amounts owed from subsidiary undertakings	119,951	116,323
	1,396,427	1,177,142

Long-term loan notes

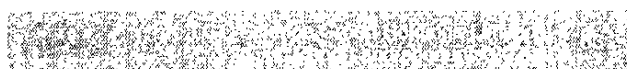
The Long-term loan notes accrued interest of between 7.5% and 15% per annum.

Preference shares

In the year to 31 March 2020 the Company acquired 100% of the newly issued preference shares of its subsidiary, LGC Science Holdings Limited, which are accruing a dividend at 8% per annum.

Amounts owed from subsidiary undertakings

The amounts owed from subsidiary undertakings accrue interest of between 7.5% and 15% per annum.



LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

17. Long-term receivables (continued)

The Company has not impaired long-term receivable on the basis that a review of recovery strategies indicate that the outstanding balances would be fully recovered, and the time period to realise cash would be short such that the effect of discounting would be immaterial.

18. Inventories

	Group 2020 £000	Group 2019 £000
Raw materials and consumables	24,669	18,732
Work in progress	14,747	15,105
Finished goods	107,765	52,587
	147,181	86,424

19. Trade and other receivables

	Group 2020 £000	Group 2019 £000
Trade receivables	85,192	57,383
Provision for impairment of trade receivables	(4,870)	(2,395)
Net trade receivables	80,322	54,988
Other receivables	2,069	4,602
Accrued income	5,200	8,659
Prepayments	10,035	5,762
	97,626	74,011

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment note.

Trade receivables above include amounts (detailed below) that are past due at the end of the reporting period and which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there hasn't been a significant change in credit quality.

Age of trade receivables not impaired	Group 2020 £000	Group 2019 £000
Not Due	58,371	39,682
Past Due		
1 to 30 days	14,886	10,325
31 to 60 days	5,344	2,500
61 to 90 days	1,958	866
>90 days	4,633	4,010
	26,821	17,701
	85,192	57,383

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

20. Cash and cash equivalents

	Group 2020 £000	Group 2019 £000
Cash at bank	59,410	58,619
Short-term deposits	2,327	357
	61,737	58,976

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Included within Cash at bank is £10.1m (2019: £13.1m) which is not immediately available for use in the business.

21. Issued share capital

Group and Company

Allotted and issued fully paid share capital

	Share capital 2020 Number	Share premium 2020 £000	Total 2020 £000
A Ordinary shares of £1 each	67,067,270	603,605	670,672
	2019 Number	2019 £000	2019 £000
A Ordinary shares of £1 each	60,493,189	544,439	604,932

During the period, the Group and Company issued ordinary shares, as table below:

	2020 Number	2020 £	2020 £	2020 £
A Ordinary shares of £1 each				
Issued on 4 December 2015	1	1	–	1
Issued on 8 March 2016	54,582,483	54,582,483	491,242,352	545,824,835
Issued on 27 January 2017	2,000,000	2,000,000	18,000,000	20,000,000
Issued on 19 November 2018	3,910,705	3,910,705	35,196,345	39,107,050
At 31 March 2019	60,493,189	60,493,189	544,438,697	604,931,886
Issued on 15 October 2019	6,574,081	6,574,081	59,166,729	65,740,810
At 31 March 2020	67,067,270	67,067,270	603,605,426	670,672,696

A Ordinary shares are voting shares and carry rights to receive dividends.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

22. Loans and borrowings

Group	2020 £000	2019 £000
Non-current loans and borrowings		
Bank borrowings	1,124,264	856,226
Long-term loan notes (including accrued interest)	6,905	6,277
Lease liabilities	33,804	-
	1,164,973	862,503
	2020 £000	2019 £000
Current loans and borrowings		
Lease liabilities	7,192	-
	7,192	-
Company	2020 £000	2019 £000
Non-current loans and borrowings		
Bank borrowings	1,124,264	856,226
Long-term loan notes (including accrued interest)	17,566	14,756
Amounts owed to subsidiary undertakings	109,346	80,324
	1,251,176	951,306

Bank borrowings

On 8 March 2016 in order to make available funding to acquire LGC Science Group Limited (and associated undertakings) and repay debt, the immediate parent company entered into a Senior Facilities Agreement and Second Lien Facility Agreement. The facilities include a committed multicurrency revolving credit facility, of which £48.6m was drawn at 31 March 2020 (2019: £nil). The total committed and undrawn facilities under the Senior Facilities Agreement at 31 March 2020 were £1.4m (2019: £38m).

The syndicated loan facility is secured on the assets of the Company and certain of its subsidiary undertakings. The loans bear interest at rates of LIBOR + 3.25%-6.75% for USD denominated loans, EURIBOR + 3.25%-6.5% for EUR denominated loans and LIBOR + 3.25% for GBP denominated loans.

These facilities were repaid in full on 21 April 2020 as part of the acquisition of the Group by a consortium jointly led by Astorg and Cinven.

Long-term loan notes

The Long-term loan notes are accruing interest of 10% per annum.

23. Pension and other schemes

(a) Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £5,971,000 (2019: £4,517,000). At the end of the period contributions of £495,000 (2019: £371,000) were outstanding.

Contributions of £6,150,000 (2019: £4,700,000) are expected to be made to the plan in the next financial year.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

23. Pension and other schemes (continued)

(b) UK Defined benefit pension scheme

The Group operates a defined benefit funded pension scheme, the assets of the scheme are held in a trustee fund which required contribution to be made to a separately administered fund. The scheme is a UK-based defined benefit scheme, providing benefits at retirement and on death. The scheme was closed to future accrual on 31 March 2014. The closure of the scheme to future accrual reduces future volatility risk and helps align pension benefits more consistently across all of the Group's employees.

In accordance with IAS 19 (R) re-measurements, comprising of actuarial gains and losses, excluding net interest costs are recognised immediately in the financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'other external expenses' in consolidated statement of profit or loss (by nature).

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The expected contributions to the plan for the next reporting period are £nil.

The scheme was most recently valued on 30 June 2018. The most recent full funding assessment was as at 30 June 2018 and the results, benefit structure and data were summarised to the trustees in September 2019. The benefit structure has not changed since the funding assessment.

The International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board has issued statement IFRIC14 that deals with how surpluses in IAS19 are approached within the employer's accounts:

a) only allows a surplus at the accounting date to be recognised in the accounts if the employer has an unconditional right to it at some future date. If the employer does not have a right to it, then the surplus recognised cannot be bigger than the present value of the future service cost less the present value of the contributions for future service committed to in the Schedule of Contributions

b) requires an additional liability to be recognised if the employer is obliged to pay future contributions and will not be able to recover these amounts in the future.

Risks

Investment risk

A significant proportion of assets are invested in equities and property whereas the defined benefit obligation value depends on the yield on long-dated corporate bonds. These two asset classes can move in different directions causing the pension disclosure on the balance sheet to improve or deteriorate rapidly. The balance sheet volatility has been mitigated to an extent by moving investment from equities into multi asset credit investment and bonds, together with the use of a Liability Driven Investment (LDI) strategy.

Inflation risk

Since the pension liability is adjusted to consumer price index, the pension plan is exposed to the UK's inflation, interest rate risks.



LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

23. Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2020 £000	2019 £000
Fair value of scheme assets	103,405	106,499
Present value of scheme liabilities	(96,245)	(105,579)
Defined benefit pension scheme surplus	7,160	920

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2020 £000	2019 £000
Fair value at start of period	106,499	99,399
Interest income	2,523	2,464
Actuarial gains and losses arising from changes in financial assumptions	(2,826)	6,342
Contributions by the employer	1,500	-
Benefits paid	(4,291)	(1,706)
Fair value at end of period	103,405	106,499

Analysis of assets

The major categories of scheme assets are as follows:

	2020 £000	2019 £000
Cash and cash equivalents	8,657	9,814
Equity instruments	36,647	35,764
Debt instruments	46,044	48,275
Real estate	8,307	8,835
Alternatives and others	3,750	3,811
	103,405	106,499

Asset valuations are based on quoted market prices in an active market and investment profile of the assets.

	2020 £000	2019 £000
Actual return on scheme assets	(303)	8,806

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2020 £000	2019 £000
Present value at start of period	105,579	109,221
Actuarial gains and losses arising from changes in financial assumptions	(7,526)	(4,645)
Interest cost	2,483	2,709
Benefits paid	(4,291)	(1,706)
Present value at end of period	96,245	105,579

Analysed as:

Present value of scheme liabilities arising from wholly or partly funded schemes	(9,334)	(3,642)
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LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

23. Pension and other schemes (continued)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the Statement of financial position date are as follows:

	2020 %	2019 %
Retail price inflation (RPI)	2.70	3.30
Consumer price inflation (CPI)	1.90	2.30
Deferred pension revaluation	1.90	2.30
Discount rate	2.30	2.40
Mortality rate	1.50	1.50
Future pension increases	2.65	3.15

Actual return on scheme's assets

Post retirement mortality assumptions

	2020 Years	2019 Years
Current UK pensioners at retirement age - male	22.0	22.2
Current UK pensioners at retirement age - female	23.5	23.7
Future UK pensioners at retirement age - male	23.7	23.9
Future UK pensioners at retirement age - female	24.8	25.0

Amounts recognised in the income statement

	2020 £000	2019 £000
Amounts recognised in operating profit		
Recognised in arriving at operating profit	-	-
Amounts recognised in finance income or costs		
Net interest	(40)	245
Total recognised in the income statement	(40)	245

The service cost and net interest expense are recognised in the income statement.

Amounts taken to the Statement of comprehensive income

	2020 £000	2019 £000
Actuarial gains and losses arising from changes in financial assumptions	6,045	(623)
Actuarial gains and losses arising from changes in demographic assumptions	898	2,448
Return on plan assets, excluding amounts included in interest (expense)/income	(2,243)	9,162
Amounts recognised in the Statement of comprehensive income	4,700	10,987

Actuarial gains and losses arise when assumptions made about the future benefits or investment returns are not realised in practice and/or when assumptions are revised at the end of the financial year. Actuarial gains or losses are recognised immediately via Other comprehensive income.



LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

23. Pension and other schemes (continued)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	2020		2019	
	+ 0.1%	- 0.1%	+ 0.1%	- 0.1%
	£000	£000	£000	£000
Adjustment to discount rate				
Present value of total obligation	(2,164)	2,213	(2,376)	2,449
	2020		2019	
	+ 0.1%	- 0.1%	+ 0.1%	- 0.1%
	£000	£000	£000	£000
Adjustment to rate of inflation				
Present value of total obligation	1,645	(1,495)	1,172	(1,161)
	2020		2019	
	+ 1 Year	- 1 Year	+ 1 Year	- 1 Year
	£000	£000	£000	£000
Adjustment to mortality age rating assumption				
Present value of total obligation	(3,792)	3,657	(4,160)	4,012

The scheme is a UK-based providing benefits at retirement and on death. The most recent full funding assessment was as at 30 June 2018 and the benefit structure has not changed since the funding assessment. The scheme was closed to future accrual on 31 March 2014. The scheme is governed by a trustee that has a large degree of control over the operation, funding and investment strategy of the scheme. The Company works with the trustees to ensure the scheme has an appropriate funding strategy that meets legislative and regulatory requirements. Any shortfall of assets relative to funding target is financed over an appropriate period of time taking account of the contribution level that is reasonably affordable to the sponsoring employer.

The weighted average duration of the defined benefit obligation is around 23 years (2019: 24 years).

(c) Foreign defined benefit pension schemes

The Group's subsidiaries in Germany operate defined pension benefit schemes for certain employees and the funds are administered locally. The schemes have been re-measured in accordance with IAS 19(R). Actuarial gains and losses excluding net interest costs are recognised in the financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The defined benefit pension liability in the statement of financial position comprises the total for the plan at the present value of the defined benefit obligation, based on actuarial reports, which applied a discounted rate of 1.64% (2019: 1.59%).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2020	2019
	£000	£000
Present value of scheme liabilities	1,430	1,370

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

24. Provisions for liabilities and charges

	2020	2019
Group	£000	£000
Opening	9,039	6,367
Acquisitions	-	1,251
New	1,301	3,897
Utilised	(5,693)	(2,795)
Foreign exchange translation	356	319
Closing	5,003	9,039

The provisions are for potential litigation, dilapidations, legal fees and a call / put option.

25. Trade and other payables

	2020	2019
Group	£000	£000
Trade and other payables	33,004	28,519
Social security and other taxes	4,357	2,758
Accruals	56,442	30,846
Deferred income and payments on account	39,383	37,405
Deferred consideration	1,807	1,611
Other payables	485	429
	135,478	101,568

	2020	2019
Company	£000	£000
Accruals	272	408

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note. The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk management and impairment note.

26. Commitments and guarantees

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £3,650,000 (2019: £984,000) for the Group and £nil (2019: £nil) for the Company.

Pension commitments

Contributions of £6,150,000 (2019: £4,700,000) are expected to be made to the defined contribution plan in the next financial year.

Guarantees

The Group and other subsidiaries have provided guarantees and granted security to support the syndicated bank borrowing arrangements of the Group.



LGC Science Group Holdings Limited
Notes to the financial statements
at 31 March 2020

27. Financial instruments

(a) Financial assets and Liabilities

Financial assets

	Carrying value 2020 £000	Fair value 2020 £000	Carrying value 2019 £000	Fair value 2019 £000
Cash and cash equivalents	61,737	61,737	58,976	58,976
Trade and other receivables *	82,391	82,391	59,590	59,590
	144,128	144,128	118,566	118,566

Financial liabilities

	Carrying value 2020 £000	Fair Value 2020 £000	Carrying value 2019 £000	Fair value 2019 £000
Trade and other payables **	129,314	129,314	97,199	97,199
Borrowings	1,131,169	1,131,169	862,503	862,503
Lease liabilities	40,996	40,996	-	-
	1,301,479	1,301,479	959,702	959,702

* Trade and other receivables are stated excluding Prepayments and Accrued income

** Trade and other payables are stated excluding Social security and other taxes and Deferred consideration

The fair values of these financial instruments reflect market value which is not materially different to the carrying values.

Derivatives:

Derivative Assets

Carrying value and Fair value	2020 £000	2019 £000
Derivatives designated as hedging instruments:		
Interest rate swap	39	1,018
Derivatives not designated as hedging instruments:		
Foreign exchange forward contracts	367	439
	406	1,457

Derivative liabilities

Carrying value and Fair value

	2020 £000	2019 £000
Derivatives designated as hedging instruments:		
Interest rate cap	3,719	1,183
Derivatives not designated as hedging instruments:		
Put option over Biomed Pharmaceutical Limited non-controlling interest	85,404	-
Put option over Synfine Research Limited non-controlling interest	235	-
	89,358	1,183

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

27. Financial instruments (continued)

Derivatives assets designated as hedging instruments reflect the change in fair value of an interest rate swap, designated as a cash flow hedge to hedge interest payable (USD). The cash flow hedges of expected future USD interest payments were effective though a loss of £980,000 (2019: £584,000 loss) has been included in other comprehensive income in respect of these contracts.

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. These contracts are not designated as hedging instruments but trading derivatives and are generally from 1 to 12 months. Trading derivatives are classified as a current asset or liability and changes in value are recorded in the Income statement.

The valuation of foreign exchange forward contracts was provided by HSBC Bank Plc. The valuation method was derived from proprietary models based upon recognised financial principles and reasonable estimates about relevant future market conditions and may reflect certain other financial factors.

The Group classifies its foreign exchange forward contracts as level 2 within the fair value hierarchy. There were no transfers between fair value hierarchies during the period. The notional principal amount of outstanding foreign exchange forward contracts at 31 March 2020 was EUR 24,000,000 (2019: EUR 18,000,000).

Derivative liabilities designated as hedging instruments reflect the change in fair value of an interest rate cap which is ineffective, but is, nevertheless, intended to reduce the level of foreign currency risk for interest payable (EUR). The Group has not applied the option to designate a credit exposure as measured at fair value through P&L.

On 9 August 2019 the Group entered into an option agreement with the non-controlling interest of Biomed Pharmaceutical Limited and Synfine Research Limited to purchase the entire NCI. The option is classified as a current derivative liability and changes in value are recorded through reserves. On 21 April 2020 the Group exercised the option to purchase the non-controlling interest.

During 2018, as part of the Lucigen Corporation business combination, a royalty buy out option was acquired and recognised at fair value. During 2019 the option was exercised.

Call option:

Carrying value and Fair value

	2020	2019
	£000	£000
Call option over Douglas Scientific LLC non-controlling interest	-	12,635
Derivative asset	-	12,635

On 1 April 2016 the Group entered into a call option agreement with the non-controlling interest of Douglas Scientific LLC to purchase the non-controlling interest. The option is classified as a non-current derivative asset and changes in value are recorded in the Income statement. On 27 November 2019 the Group exercised the option to purchase the non-controlling interest.

(b) Financial risk management and impairment of financial assets

The Group is exposed to market risk (including interest rate and foreign currency risk), credit risk and liquidity risk.

The Group has in place a financial risk management programme that seeks to limit the adverse effects on the financial performance of the Group that could arise, including monitoring levels of debt finance and related finance costs. Cash flow and leverage in respect of the Company's banking facilities are reported monthly to the Board. Given the size of the Group, 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 are implemented by the Group's finance department.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.



LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

27. Financial instruments (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Key market risks affecting the Group including interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

During the year ended 31 March 2020 all of the Group's bank debt was at floating interest rates. The Group monitors the trends in interest rates and regularly consults with investors and advisors regarding interest rates. The Group has opted to partially fix USD interest rates and partially cap EUR interest rates. The Group holds fluctuating cash balances that earn interest at fluctuating market rates.

Foreign exchange 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 Group operates internationally and is exposed to the risk of changes in foreign exchange rates arising from various currency exposures, primarily with respect to Euro, US dollar and the UK pound. Foreign exchange risk arises primarily from foreign acquisitions, foreign operations, trade payables and trade receivables held in foreign currencies, recognised assets and liabilities and net investments in foreign operations.

This risk is partially mitigated by internally generated cash flows in a similar mix of currencies. Net risk of exposure to operations in foreign currencies is managed by the purchase of foreign exchange forward contracts.

Credit risk and impairment

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 Group is exposed to credit risk from its operating activities (primarily for trade) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Cash and receivables credit risk exposure and management

	Maximum amount of exposure £000	Provision for doubtful debt £000	Carrying value £000
2020			
Cash and cash equivalents	61,737	-	61,737
Trade and other receivables *	87,261	(4,870)	82,391
	148,998	(4,870)	144,128
2019			
Cash and cash equivalents	58,976	-	58,976
Trade and other receivables *	61,985	(2,395)	59,590
	120,961	(2,395)	118,566

* Trade and other receivables are stated excluding Prepayments and Accrued income

The majority of the Group's trade receivables are due from large national or multinational companies, or are government backed where the risk of default is considered low and there is limited customer concentration. Outstanding customer receivables are regularly monitored and any contracts with major customers are generally covered by letters of credit or other forms of credit insurance. Individual credit limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

27. Financial instruments (continued)

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department and the credit risk on liquid funds and derivative financial instruments is considered limited because the counterparties are banks and financial institutions with high credit-ratings assigned by international credit-rating agencies.

Allowances for impairment by credit losses

	2020	2019
	£000	£000
At start of period	(2,395)	(913)
Acquisitions	(346)	(285)
Movement during the period	(2,129)	(1,197)
At end of period	(4,870)	(2,395)

Liquidity risk

The Group monitors liquidity on an ongoing basis. All financial liabilities outstanding at the current period end are due within one year and the contractual maturities are the same as the carrying value.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of a variety of borrowing instruments. The Group assessed the concentration of risk and concluded it to be low. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Maturity analysis

	Within 1 year	2-5 years	>5 years	Total
	£000	£000	£000	£000
2020				
Trade and other payables *	129,314	-	-	129,314
Bank borrowings	-	-	1,124,264	1,124,264
Long-term loan notes	-	-	6,905	6,905
Lease liabilities	9,598	25,118	17,072	51,788
	138,912	25,118	1,148,241	1,312,271
2019				
Trade and other payables *	97,199	-	-	97,199
Bank borrowings	-	-	856,226	856,226
Long-term loan notes	-	-	6,277	6,277
	97,199	-	862,503	959,702

* Trade and other payables are stated excluding Social security and other taxes and Deferred consideration

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

27. Financial instruments (continued)

Changes in liabilities arising from financing activities

	2019 (restated) £'000	Cash flows £'000	Foreign Exchange Movement £'000	Changes in FV £'000	Other £'000	2020 £'000
Bank borrowings	856,226	238,396	29,642	-	-	1,124,264
Long-term loan notes	6,277	-	-	-	628	6,905
Derivative liability	1,183	-	-	88,175	-	89,358
Lease liabilities	43,803	(10,266)	853	6,606	-	40,996
	907,489	228,130	30,495	94,781	628	1,261,523

	2018 £'000	Cash flows £'000	Foreign Exchange Movement £'000	Changes in FV £'000	Other £'000	2019 £'000
Bank borrowings	674,128	169,199	12,899	-	-	856,226
Long-term loan notes	5,707	-	-	-	570	6,277
Derivative liability	390	-	-	793	-	1,183
	680,225	169,199	12,899	793	570	863,686

The 'Other' column includes the effect of accrued but not yet paid interest on interest bearing loans and borrowings.

(c) Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital structure to support its business and maximise shareholder value. In order to achieve this business objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the bank borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings.

The Group monitors capital using a leverage ratio, which is net debt divided by pro forma adjusted EBITDA*.

*Earnings (including joint venture) before interest, tax, depreciation, amortisation, unrealised foreign exchange gains and losses and material, unusual and non-recurring items, including the pre-acquisition period for businesses acquired during the period.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

28. Related party transactions

(a) Transactions with KKR, the majority shareholder

	2020 £000	2019 £000
<u>Services and closing balance</u>		
Management fees	500	500
Debt facility fees	5,172	2,466
Other services	24	38
Payables closing balance	-	4

(b) Transactions with non-controlling interest – Douglas Scientific LLC

Group companies entered into transactions with Douglas Scientific LLC (a 55% controlled subsidiary until 27 November 2019 when the Group exercised an option to purchase the non-controlling interest).

	2020 £000	2019 £000
<u>Trading</u>		
Sale of goods and services during the period	946	3,734
Purchase of goods and services during the period	(7,310)	(11,979)
Trade receivable closing balance	-	27
Trade payables closing balance	-	(6,305)

	2020 £000	2019 £000
<u>Intercompany loan account</u>		
Interest payable	-	294
Closing balance	-	3,264

(c) Transactions with non-controlling interest – Brand Reputation Compliance Limited

Group companies entered into transactions with Brand Reputation Compliance Limited (a 77.5% controlled subsidiary) and its subsidiary BRC Trading Limited.

	2020 £000	2019 £000
<u>Intercompany loan account</u>		
Interest payable	890	298
Closing balance	16,358	7,365

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

28. Related party transactions (continued)

(d) Transactions with non-controlling interest – Toronto Research Chemicals Inc

Group companies entered into transactions with Biomed Pharmaceutical Limited (a 75% controlled subsidiary acquired on 9 August 2019) and its subsidiary Toronto Research Chemicals Inc, and Synfine Research Limited (a 75% controlled subsidiary acquired on 9 August 2019).

	2020 £000
Trading	
Sale of goods and services during the period	1,029
Purchase of goods and services during the period	(739)
Trade receivable closing balance	613
Trade payables closing balance	(304)
Intercompany loan account	
Closing balance	(12,329)

(e) Transactions with non-controlling interest – C/D/N Isotopes Inc

Group companies entered into transactions with C/D/N Isotopes Inc (a 75% controlled subsidiary acquired on 20 January 2020)

	2020 £000
Trading	
Sale of goods and services during the period	14
Purchase of goods and services during the period	(35)
Trade payables closing balance	(38)

(f) Transactions with other related party

Group companies entered into transactions with Airtio Ltd, a company where Derek Craston held a Directorship until his resignation on 13 February 2020. During the prior period, purchases have been made at normal market price on an arm's length basis.

	2020 £000	2019 £000
Trading		
Purchase of services during the period	(9)	(9)
Trade payables closing balance	-	-

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

28. Related party transactions (continued)

(g) Transactions with companies owned by KKR

Group companies entered into transactions with other companies owned by KKR. During the period, sales and purchases have been made at normal market price on an arm's length basis.

	2020 £000	2019 £000
Trading		
Sale of goods and services during the period	12	42
Purchase of goods and services during the period	(318)	(112)
Trade receivable closing balance	1	2
Trade payables closing balance	(211)	(17)

29. Ultimate holding company and controlling party

The Company's immediate parent undertaking is Elwy 3 Limited.

At the balance sheet date the majority shareholders of LGC Science Group Holdings Limited were KKR Fund Holdings L.P. and KKR European Fund IV L.P. (the "Funds"). Kohlberg Kravis Roberts & Co. L.P., a registered investment adviser regulated by the United States Securities & Exchange Commission (Registration NO. 90169634) under the U.S. Investment Advisors Act of 1940, acts as a manager for and on behalf of the Funds. No individual investor in the Funds has more than 25% of the interest in LGC Science Group Holdings Limited. The ultimate parent company of KKR Fund Holdings L.P. and KKR European Fund IV L.P. is KKR & Co. L.P., an entity incorporated in the United States of America.

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

30. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of the issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The financial impact of these standards is not yet known and reasonably estimable.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

31. Events after the balance sheet date

On 21 April 2020 the Group was acquired by a consortium jointly led by Astorg and Cinven. Financial terms of the transaction were not disclosed. The sale was completed on 21 April 2020.

On 8 July 2020 the Group acquired the entire voting rights of The Native Antigen Company, one of the world's leading suppliers of high quality infectious disease antigens and antibodies, based in Oxford, UK, for a consideration of £15.7m. The net assets of the acquired business were £4.8m.

31 March 2020

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

32. Details of the investments of the Group

As at 31 March 2020 details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary	Registered office/principal place of business	Type of shares	Proportion of voting rights and shares held	Nature of business
Analytical Reference Materials International Corp	(1)	Ordinary	100	Distribution of analytical reference standards
Analytical Solution LLC	(2)	Ordinary	100	Dormant
Aquacheck Limited†	(3)	Ordinary	100	Dormant
Axolabs GmbH	(4)	Ordinary	100	Contract development and manufacturing of oligonucleotide therapeutics.
Berry & Associates, Inc	(5)	Ordinary	100	Genomics products and services
BioAutomation Corporation	(6)	Ordinary	100	Genomics products and services
Biomed Pharmaceutical Limited	(7)	Ordinary	75	Manufacture of analytical reference standards
Biosearch Technologies Inc	(8)	Ordinary	100	Genomics products and services
Brand Reputation Compliance Limited	(3)	Ordinary	77.5	Holding company
BRC Global Standards (Americas) Corporation	(9)	Ordinary	77.5	Distribution of analytical reference standards
BRC GS America Inc	(10)	Ordinary	77.5	Distribution of analytical reference standards
BRC Trading Limited	(3)	Ordinary	77.5	Distribution of analytical reference standards
C/D/N Isotopes Inc	(11)	Ordinary	75	Manufacture and distribution of analytical reference standards
Cardiff Bioanalytical Services Limited†	(3)	Ordinary	100	Dormant
Douglas Scientific LLC	(12)	Ordinary	100	Genomics products and services
Dr Ehrenstorfer GmbH	(13)	Ordinary	100	Distribution of analytical reference standards
Focus Forensic Telecommunications Limited†	(3)	Ordinary	100	Dormant
Forensic Alliance Limited†	(3)	Ordinary	100	Dormant
HFL Sport Science Limited†	(3)	Ordinary	100	Dormant
Industrial Analytical (Proprietary) Limited	(14)	Ordinary	100	Distribution of analytical reference standards
KBiosciences Limited†	(3)	Ordinary	100	Dormant
LGC (Holdings) Limited	(3)	Ordinary	100	Holding company
LGC (North West) Limited	(3)	Ordinary	100	Holding company
LGC (Teddington) Limited	(3)	Ordinary	100	Holding company
LGC Beteiligungs GmbH	(13)	Ordinary	100	Holding company
LGC Bio Senate Limited†	(3)	Ordinary	100	Dormant
LGC Bioresearch Limited†	(3)	Ordinary	100	Dormant
LGC Biosearch GmbH	(15)	Ordinary	100	Genomics products and services
LGC Biosearch technologies A/S	(16)	Ordinary	100	Genomics products and services
LGC Canada Real Estate Limited	(17)	Ordinary	100	Holding company which holds real-estate
LGC Coleshill Limited†	(3)	Ordinary	100	Dormant
LGC Genomics GmbH	(18)	Ordinary	100	Genomics products and services
LGC Genomics Holding GmbH	(18)	Ordinary	100	Holding company
LGC Genomics Limited	(3)	Ordinary	100	Genomics products and services

† Limited by guarantee only

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

32. Details of the investments of the Group (continued)

Subsidiary	Registered office/principal place of business	Type of shares	Proportion of voting rights and shares held	Nature of business
LGC Genomics LLC	(19)	Ordinary	100	Genomics products and services
LGC Genomics US Holdings Inc	(19)	Ordinary	100	Holding company
LGC GmbH	(20)	Ordinary	100	Manufacture of analytical reference standards
LGC Group Holdings Limited	(3)	Ordinary	100	Holding company
LGC Holding GmbH	(18)	Ordinary	100	Holding company
LGC Investments GmbH	(13)	Ordinary	100	Holding company
LGC Investments Limited	(3)	Ordinary	100	Holding company
LGC Labor GmbH	(13)	Ordinary	100	Manufacture of analytical reference standards
LGC Limited	(3)	Ordinary	100	Chemical and biochemical analysis consultancy and distribution of analytical reference standards
LGC North America Inc	(19)	Ordinary	100	Holding company
LGC Proficiency Testing Inc	(21)	Ordinary	100	Food proficiency testing services
LGC Rhone Inc	(19)	Ordinary	100	Holding company
LGC SA BBOS Trust	(14)	Ordinary	100	Black Economic Empowerment Trust
LGC SA ESOP Trust	(14)	Ordinary	100	Black Economic Empowerment Trust
LGC Scheme Pension Trustee Limited	(3)	Ordinary	100	Activities auxiliary to insurance and pension funding
LGC Science (Nanjing) Co Limited	(22)	Ordinary	100	Distribution of analytical reference standards
LGC Science (Shanghai) Co Limited	(23)	Ordinary	100	Distribution of analytical reference standards
LGC Science and Standards (India) Private Limited	(24)	Ordinary	100	Distribution of analytical reference standards
LGC Science Group (Singapore) Pte Limited	(25)	Ordinary	100	Holding company
LGC Science Group Limited	(3)	Ordinary	100*	Holding company
LGC Science Holdings Limited	(3)	Ordinary	100	Holding company
LGC Science Inc	(26)	Ordinary	100	Analytical testing services
LGC Science Investments Limited	(3)	Ordinary	100	Holding company
LGC Science Limited†	(3)	Ordinary	100	Dormant
LGC Standards (South Africa) (Proprietary) Limited	(14)	Ordinary	100	Holding company
LGC Standards Brazil Exportação E Importação Ltda	(27)	Ordinary	100	Distribution of analytical reference standards
LGC Standards Canada Limited	(17)	Ordinary	100	Holding company
LGC Standards GmbH	(13)	Ordinary	100	Distribution of analytical reference standards
LGC Standards Inc	(28)	Ordinary	100	Distribution of analytical reference standards
LGC Standards Sarl	(29)	Ordinary	100	Distribution of analytical reference standards
LGC Standards SL	(30)	Ordinary	100	Distribution of analytical reference standards
LGC Standards Sp Z.o.o	(31)	Ordinary	100	Distribution of analytical reference standards

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

32. Details of the investments of the Group (continued)

Subsidiary	Registered office/principal place of business	Type of shares	Proportion of voting rights and shares held	Nature of business
LGC Standards Srl	(32)	Ordinary	100	Distribution of analytical reference standards
LGC Whirlwind Ltd	(3)	Ordinary	100	Holding company
Link Technologies Limited	(33)	Ordinary	100	Dormant
Lucigen Corporation	(34)	Ordinary	100	Genomics products and services
Maine Standards Company LLC	(35)	Ordinary	100	Manufacture of analytical reference standards
MBH Analytical Limited	(3)	Ordinary	100	Manufacture of certified reference materials
Organic Standard Solutions International LLC	(36)	Ordinary	100	Distribution of analytical reference standards
Prime Synthesis Inc	(37)	Ordinary	100	Genomics products and services
Promochem Limited†	(3)	Ordinary	100	Dormant
Quality Management Holdings Limited†	(3)	Ordinary	100	Holding company
Quality Management Limited†	(3)	Ordinary	100	Dormant
SeraCare Life Sciences, Inc	(38)	Ordinary	100	Manufacture of certified reference and clinical diagnostic materials
Synfine Research Limited	(7)	Ordinary	75	Manufacture of analytical reference standards
Teddington 2 Limited	(3)	Ordinary	100	Holding company
Thistle Laboratory Services (Proprietary) Limited	(14)	Ordinary	100	Analytical testing services
Toronto Research Chemicals Inc	(39)	Ordinary	75	Manufacture of analytical reference standards
University Diagnostics Limited†	(3)	Ordinary	100	Dormant
VHG Labs Inc	(40)	Ordinary	100	Distribution of analytical reference standards

* Directly held by the Company

† Companies exempt from the requirement of the Companies Act 2006 relating to the preparation of accounts under section 394A of the Act.

Statutory instrument exemption

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Act:

- Brand Reputation Compliance Limited
- BRC Trading Limited
- LGC (North West) Limited
- LGC (Teddington) Limited
- LGC Genomics Limited
- LGC Group Holdings Limited
- LGC (Holdings) Limited
- LGC Investments Limited

LGC Science Group Holdings Limited

Notes to the financial statements

at 31 March 2020

32. Details of the investments of the Group (continued)

- LGC Scheme Pension Trustee Limited
- LGC Science Group Limited
- LGC Science Holdings Limited
- LGC Science Investments Limited
- LGC Whirlwind Limited
- Link Technologies Limited
- MBH Analytical Limited
- Teddington 2 Limited

The country of incorporation matches the country in which the registered office/principal place of business is located.

Key to registered office/principal place of business

- (1) National Registered Agents Inc., 1999 Bryan St. Suite 900, Dallas, TX 75201, United States
- (2) National Registered Agents Inc., 9 Capitol St. Concord, NH 03301 United States
- (3) LGC, Queens Road, Teddington, Middlesex, TW11 0LY, United Kingdom
- (4) Fritz-Hornschuh-Straße 9, 95326 Kulmbach Germany
- (5) 2434 Bishop Circle E, Dexter Michigan, 48130, United States
- (6) National Registered Agents Inc., 701 S. Carson Street, Suite 200, Carson City, Nevada, United States
- (7) 2 Brisbane Road, Toronto, Ontario M3J 2J8, Canada
- (8) National Registered Agents Inc., 818 W Seventh Street, Suite 930 Los Angeles CA 90017, United States
- (9) Cogency Global Inc. 850 New Burton Road, Suite 201 Dover, DE 19904, United States
- (10) 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6, Canada
- (11) 88 Leacock St, Pointe Claire QC, H9R 1H1, Canada
- (12) National Registered Agents Inc., 1010 Dale St. N, St. Paul, MN 55117, United States
- (13) Mercatorstraße 51, 46485 Wesel, Germany
- (14) 48 Monte Carlo Crescent, Kyalami Business Park, Kyalami, Gauteng, 1684, South Africa
- (15) Sonneberger Straße 69, 96523 Steinach, Germany
- (16) Voldbjergvej 16, 1. th., 8240, Risskov, Denmark
- (17) 151 Yonge Street, Suite 1500, Toronto, Ontario, Canada, M5C 2W7
- (18) Ostendstrasse 25, TGS Haus 8, 12459 Berlin, Germany
- (19) National Registered Agents Inc., 160 Greentree Drive, Suite 101, Dover DE 19904, United States
- (20) Louis-Pasteur-Str. 30, 14943, Luckenwalde, Germany
- (21) 1159 Business Park Drive, Traverse City, MI 49686, United States
- (22) 5F, Block A5, Hongfeng Science Park, Nanjing Economic and Technological Development Zone, Nanjing, China
- (23) Room 605, 6th Floor, Building 3, No. 500, Bingke Road, Shanghai Free Trade Zone, Shanghai, China
- (24) Unit No. 216, Commercial Building Square One, C-2 District Centre, Saket, New Delhi, 110017, India
- (25) 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, Singapore
- (26) Northwest Registered Agent Service, Inc, 8 The Green, Suite B, Dover DE 19901, United States
- (27) Avenida Salmão 663, Sala 62, Parque Residencial, São José Dos Campos, State of São Paulo 12246-260, Brazil
- (28) National Registered Agents Inc., 303 Congress Street, 2nd Floor, Boston, MA 02210, United States
- (29) 6 rue Alfred Kastler, 67120 Molsheim, France
- (30) Calle Salvador Espiru, 59, 2º, 08005, Barcelona
- (31) Ogródowa 27/29, Kielpin, 05-092, Lomianki, Poland

LGC Science Group Holdings Limited
Notes to the financial statements
at 31 March 2020

32. Details of the investments of the Group (continued)

(32) Via Tintoretto n. 5, 20145 Milano, Italy

(33) 3 Mallard Way, Strathclyde Business Park, Bellshill, Lanarkshire, ML4 3BF

(34) Cogency Global, Inc., 901 S Whitney Way, Madison, WI, 53711 - 2553

(35) National Registered Agents Inc., 128 State St. #3, Augusta, ME 04330, United States

(36) 2040 Savage Road, Charleston, SC 29407, United States

(37) 2 New Road, Suite 126, Aston DE 19014, United States

(38) The Corporation Trust Company, Corporation Trust Center, 1209 Orange St. Wilmington, DE, 19801, United States

(39) 20 Martin Ross Ave., Toronto, ON, M3J 2K8, Canada

(40) National Registered Agents Inc., 2 ½ Beacon Street, Concord, NH 03301, United States
