

Geneius Laboratories Limited
Annual report and financial statements

Geneius Laboratories Limited

Annual report and financial statements
For the period ended 31 December 2018

Registered number: 06039601

COMPANIES HOUSE
EDINBURGH

12 DEC 2019

FRONT DESK



Table of contents

Company information	1
Strategic report	2
Directors' report	4
Directors' responsibilities statement	6
Independent auditor's report	7
Profit and loss account	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

Company information

Directors	M P F Dollar A Gueny R Pluut (Resigned 1 October 2019) N Stopford
Registered office	44 Colbourne Crescent Nelson Park Cramlington England NE23 1WB
Registered number	06039601
Auditor	Deloitte LLP Statutory Auditor 110 Queen Street Glasgow G1 3BX

Strategic report

The Directors present their strategic report for the 18 months period ended 31 December 2018, however, comparatives for 2017 are for 12 months.

Principal activities

Geneius Laboratories Limited is an analytical laboratory business providing a comprehensive analysis capability to clients in the food industry. Together with similar operations throughout Europe the Company is part of one of the largest environmental and food analysis organisations in Europe.

Period of Financial Statements

These financial statements are for the 18 months period from 1 July 2017 to 31 December 2018.

Review of business

On 1 April 2018 the Company's activities were merged into SYNLAB Analytics and Services UK Limited and therefore these accounts are prepared on a basis other than going concern.

The merged assets and liabilities were transferred to SYNLAB Analytics & Services United Kingdom Limited at closing net book value.

Figures for the 2018 period reflect a 9 month trading period into the 18 months accounting period, however, comparatives for 2017 are for 12 months.

Financial review

The company's key financial performance indicators for the period were

	2018	2017	Change
	£'000	£'000	%
Revenue	2,952	3,539	-20
Profit on ordinary activities after taxation	487	520	-7

Profit and loss

Revenues for the period to 31 December 2018 were £2,952k, compared to the year ended 30 June 2017 £3,539k. The reduction is the result of the transfer of company activities to SYNLAB Analytics and Services UK Limited.

The result after tax also for the 18 months period to 31 December 2018 was a profit of £487k, compared the year ended June 2017, a profit of £520k.

Balance sheet

All assets and liabilities were transferred to SYNLAB Analytics and Services UK Limited at closing net book value with the exception of an intercompany debtor.

Financial instruments

Financial instruments are managed at group level. The Company's principal financial instrument is an intercompany debtor.

Principal risks and uncertainties

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's net exposure to bad debts is not material.

There are no significant concentrations of credit risk within the Company.

Strategic report

Cash flow and interest rate risk

The Company's exposure to market risk for changes in interest rates is limited.

Foreign exchange risk

The Company transacts with overseas operations and therefore has an exposure to exchange rate fluctuations principally in Euros. Currency exposures are reviewed regularly by the Board.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, bank overdrafts, lease finance and operating leases.

Going concern

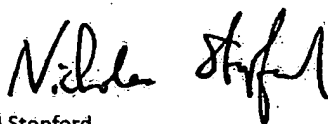
The Company's financial statements for the period 31 December 2018 have been prepared on a basis other than going concern. The departure is made in order to reflect the fact that the Company is no longer trading or generating cash.

Future developments

There are no future developments planned, as it is expected that the entity will not trade going forward.

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

11 December 2019



N Stopford
Director

Directors' report

The Directors present their annual report and the audited financial statements for Geneius Laboratories Limited (the "Company") for the 18 months period ended 31 December 2018, however, comparatives for 2017 are for 12 months.

Principal activity

The principal activity of the Company was to provide analysis services to the food industry. Subsequent to transfer of trade and assets during the period, the Company ceased trading.

The principal risks and uncertainties facing the company are as detailed in the Strategic Report

Results and dividends

The profit after taxation is £487k for the period to 31 December 2018 (Year ended June 2017: £520k).

The Directors do not recommend the payment of any dividend (2017: nil)

Directors

The Directors of the Company during the year and thereafter were:

M P F Dollar (Appointed 1 July 2017)
A Gueny (Appointed 13 April 2018)
R H Pluut (Appointed 19 December 2017 and resigned 1 October 2019)
N J Stopford (Appointed 1 July 2017)
J H Smith (Resigned 3 October 2018)
S J Quin (Resigned 13 April 2018)
J D Barnes (Resigned 1 July 2017)
C A Hill (Resigned 1 July 2017)
R J Reed (Resigned 1 July 2017)
H E Smart (Resigned 1 July 2017)
J E M Stach (Resigned 1 July 2017)
T Taybi (Resigned 1 July 2017)

There are no qualifying Directors indemnity provisions to disclose.

Employee involvement

It is Company policy to keep employees informed of matters affecting their interests through normal management channels and due consideration is given to their interests in making management decisions.

The Company's human resources policies recognise the importance of employee involvement. Employees and their representatives are provided with information and consulted on matters which are, in the opinion of Directors, of concern to them as employees and likely to affect their interests. The Company encourages all employees to enhance their competence and develop new skills via participation in locally arranged training programmes. These programmes are designed to stimulate and challenge employees and in so doing aid in the process of employee recruitment and retention. Business unit meetings and staff consultative committees are held, where employees are made aware of financial and economic factors affecting the business

Disabled employees

The Company is committed to a policy of equality of treatment and opportunity for all employees, including those who are disabled. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities. Accordingly, the only personal attributes which are taken into account in making decisions about employees are those which relate directly to actual or potential performance.

Directors' report

Going concern

The trade and assets of Genieus Laboratories Limited have been transferred to SYNLAB Analytics & Services United Kingdom Limited on 1 April 2018. For this reason, the Company's financial statements for the period 31 December 2018 have been prepared on a basis other than going concern. The departure is made in order to reflect the fact that the Company is no longer trading or generating cash.

Events after the balance sheet date

The directors confirm that there are no events after balance sheet date that require disclosure.

Statement as to disclosure of information to auditor

So far as each person who is a Director is aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

This report was approved and authorised for issue by the board on 11 December 2019 and was signed on its behalf by:



N Stopford
Director

Directors responsibilities statement

Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the members of Geneius Laboratories Limited

Opinion

In our opinion the financial statements of Geneius Laboratories Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Geneius Laboratories Limited (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement as per page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

Independent auditor's report to the members of Geneius Laboratories Limited (continued)

Report on other legal and regulatory requirements (continued)

Opinions on other matters prescribed by the Companies Act 2006 (continued)

- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime.

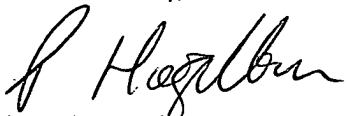
We have nothing to report in respect of these matters.

Other Matters

As the company was exempt from audit under section 477 of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.

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.



Paul Hazelton CA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

12th December 2019

Profit and loss account

For the period ended 31 December 2018

	Note	18 months period to 31 December 2018 £'000	Year to 30 June 2017 (Unaudited) £'000
Turnover	2	2,952	3,539
Cost of sales		(1,497)	(1,893)
Administrative expenses		(936)	(1,045)
Operating profit		519	601
Finance costs	6	(32)	(81)
Profit before taxation	3	487	520
Taxation	7	-	-
Profit for the period/year		487	520

No separate Statement of Other Comprehensive Income has been presented as all such income and expenses are presented in the Profit and Loss Account. All activities are continuing.

The notes on pages 13 to 24 are an integral part of these financial statements.

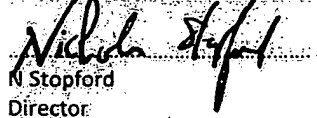
Balance sheet

As at 31 December 2018

	Note	31 December 2018 £'000	30 June 2017 (Unaudited) £'000
Fixed assets			
Intangible assets	8	-	377
Property, plant and equipment	9	-	299
			676
Current assets			
Inventories	10	-	156
Trade and other receivables	11	905	839
Cash at bank and in hand		-	21
		905	1,016
Creditors: amounts falling due within one year			
Trade and other payables	12	-	(1,000)
			(1,000)
Net current assets		905	16
Total assets less current liabilities		905	692
Creditors: amounts falling due after more than one year			
Trade and other payables	13	-	(275)
			(275)
Net assets		905	417
Capital and reserves			
Called up share capital	14	8	6
Share premium		1,910	1,910
Capital redemption reserve		-	-
Profit and loss account		(1,013)	(1,499)
Shareholders' funds		905	417

The notes on pages 13 to 24 are an integral part of these financial statements.

These financial statements (company number: 06039601) were approved and authorised for issue by the board on 11 December 2019 and were signed on its behalf by:


N Stopford
Director

Statement of changes in equity

As at 31 December 2018

	Called-up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total Equity £
At 1 July 2016	6,238	1,898,169	-	(1,994,462)	(90,055)
Shares issued	40	11,216	-	-	11,256
Shares redeemed	(82)	-	82	(24,725)	(24,725)
total comprehensive income for the year	-	-	-	520,472	520,472
At 30 June 2017	6,196	1,909,385	82	(1,498,715)	416,948
At 1 July 2017	6,196	1,909,385	82	(1,498,715)	416,948
Shares issued	1,676	-	-	-	1,676
total comprehensive income for the year	-	-	-	486,576	486,576
At 31 December 2018	7,872	1,909,385	82	(1,012,139)	905,200

Share capital represents the nominal value of shares that have been issued.

The profit and loss reserve includes all current and prior period retained profits and losses net of dividends.

The notes on pages 13 to 24 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2018

1 Accounting policies

1.1 General information

Genieus Laboratories Limited (the "Company") is a private Company limited by shares, incorporated in England and Wales and registered in the United Kingdom. The address of its registered office is 44 Colbourne Crescent, Nelson Park, Cramlington, NE23 1WB.

The principal activity of the Company was providing analytical services to the food industry.

These financial statements have been presented in Pounds Sterling as this is the Company's functional currency, being the currency of the primary economic environment in which the Company operates.

1.2 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* ("FRS 102") and applicable legislation as set out in the companies act 2006. These financial statements have been prepared under the historical cost convention. The Company meets the definition of a qualifying entity under FRS 102, and has therefore taken advantage of the disclosure exemptions available to qualifying entities. The Company has taken exemption from the following disclosures:

(a) The requirements of Section 7 Statement of Cash Flows and paragraph 3.17(d). [FRS 102.1.12]

(b) The requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b) and 12.29A provide disclosures equivalent to those required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated. [FRS 102.1.12]

(c) The requirement of paragraph 33.7 with respect to directors and key management personnel remuneration [FRS 102.1.12]

These financial statements present information about the Company as an individual undertaking and not about its group.

The accounts of the Company have been consolidated within SYNLAB Bondco plc. The accounts of SYNLAB Bondco plc can be obtained from 2 Portland Street, London, W1H 6DU.

1.3 Going concern

The trade and assets of Genieus Laboratories Limited have been transferred to SYNLAB Analytics & Services United Kingdom Limited on 1 April 2018. For this reason, the Company's financial statements for the period 31 December 2018 have been prepared on a basis other than going concern. No adjustments arose as a result of ceasing to apply the going concern basis. The departure is made in order to reflect the fact that the Company is no longer trading or generating cash.

Notes to the financial statements (continued)

For the year ended 31 December 2018

1 Accounting policies (continued)

1.4 Property, plant and equipment

Property, plant and equipment is recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. The cost of an item of property, plant and equipment comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Leasehold land and buildings	life of lease
Plant and machinery	3 to 7 years
IT systems, fixtures and fittings	1 to 7 years

The residual value and the useful life of an asset is reviewed at least at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with *FRS 102 s.10 Accounting Policies, Estimates and Errors*.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in the profit and loss account.

1.5 Intangible assets other than goodwill

Computer software

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

Research and development costs

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

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

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed at least each financial year-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly.

Notes to the financial statements (continued)

For the year ended 31 December 2018

1 Accounting policies (continued)

1.5 Intangible assets other than goodwill (continued)

At the reporting date, the following estimated useful lives of other intangible assets were as follows:

Computer software	5 years
Capitalised development costs	8 years

1.6 Turnover

Revenue represents the amount receivable for the provision of services during the year, excluding VAT and trade discounts. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be measured reliably.

Rendering of services

Revenue from the provision of services is recognised in the accounting period in which the services are performed by reference to the completion of the contract.

Deferred income arises where services are invoiced in advance of performance. The amount is released to the income statement in subsequent periods in reference to the stage of completion of the transaction at the reporting date.

1.7 Taxation

The tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.8 Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise cash and cash equivalents, debtors and creditors.

Notes to the financial statements (continued)

For the year ended 31 December 2018

1 Accounting policies (continued)

1.8 Financial instruments (continued)

Financial assets – classified as basic financial instruments

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

Debtors

Debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount expected to be received, net of any impairment. Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Financial liabilities – classified as basic financial instruments

Creditors and loans

Creditors and loans are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount expected to be payable. Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

1.9 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first-in, first-out basis. Inventory is consumed and not sold in the ordinary course of business and therefore a reduction in net realisable value predominantly occurs if the inventory becomes obsolete.

1.11 Related party transactions

The Company has taken advantage of the exemption in Section 33 of FRS 102 and has not disclosed details of transactions with fellow wholly owned undertakings within the SYNLAB Limited group of companies.

1.12 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. It is the opinion of management that there are no key sources of estimation uncertainty, or critical accounting judgements, which are required to be disclosed.

Notes to the financial statements (continued)

For the year ended 31 December 2018

2 Revenue

	18 months period to 31 December 2018 £'000	Year to 30 June 2017 (Unaudited) £'000
Rendering of services – UK	2,734	3,317
Rendering of services – EU	20	41
Rendering of services - Other	198	181
	<u>2,952</u>	<u>3,539</u>

3 Profit before taxation

	18 months period to 31 December 2018 £'000	Year to 30 June 2017 (Unaudited) £'000
Profit before taxation is stated after charging:		
Depreciation of property, plant and equipment	58	72
Amortisation of intangible assets	54	72
Cost of inventories recognised as expense	517	559
Operating lease expenses		
- Land and Buildings	48	64
- Motor vehicles	37	49

4 Auditor's remuneration

The auditor's remuneration of £11k (year ended 30 June 2017: £nil) was paid by an inter-group Company, for the audit of the financial statements.

Notes to the financial statements (continued)

For the year ended 31 December 2018

5 Employee information

The average monthly number of employees (including 1 Director) was:

	18 months period to 31 December 2018	Year to 30 June 2017 (Unaudited)
Average number of persons employed by the company	67	58

	18 months period to 31 December 2018 £'000	Year to 30 June 2017 (Unaudited) £'000
Wages and salaries	910	1,036
Social security costs	44	77
Other pension costs	26	41
	<u>980</u>	<u>1,154</u>

6 Finance income/(costs)

	18 months period to 31 December 2018 £'000	Year to 30 June 2017 (Unaudited) £'000
Bank interest received	1	-
Bank fees and other interest	(33)	(80)
	<u>(32)</u>	<u>(80)</u>

7 Taxation

	18 months period to 31 December 2018 £'000	Year to 30 June 2017 (Unaudited) £'000
Tax expense in profit and loss account		
UK corporation tax	-	-
Total tax charge recognised in profit or loss	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

For the year ended 31 December 2018

7 Taxation (continued)

Tax reconciliation

The tax rate used for the reconciliation is the corporate tax rate of 19% (year to 30 June 2017: 19.75%) payable by the corporate entities in the UK on taxable profits under UK tax law. The profit and loss charge for the period/year can be reconciled to the profit for the period/year as follows:

	18 months period to 31 December 2018 £'000	Year to 30 June 2017 (Unaudited) £'000
Profit before taxation	<u>487</u>	<u>520</u>
Income tax calculated at 19% (year to 30 June 2017: 19.75%)	92	99
Adjustments relating to prior periods	-	(17)
Effect of expenses not deductible/(income not chargeable)	-	28
Group relief (claimed)/surrendered	(115)	-
Tax losses brought forward	126	-
Transfer trade	(103)	-
Deferred tax not provided	-	(110)
Total tax expense recognised in profit or loss	<u>-</u>	<u>-</u>

The element of unrecognised deferred tax assets are as follows:

	18 months period to 31 December 2018 £'000	Year to 30 June 2017 (Unaudited) £'000
Capital allowances	-	130
Timing differences - trading	-	-
Losses	<u>-</u>	<u>446</u>
	<u>-</u>	<u>576</u>

In respect of the year ended 30 June 2017, Finance Act 2016 changed the rate of corporation tax payable from 20% to 19% during the year. This resulted in the hybrid rate of corporation tax payable of 19.75%.

Notes to the financial statements (continued)

For the year ended 31 December 2018

8 Intangible assets

	Development costs £'000
Cost	
1 July 2017	573
Additions	11
Transferred to group entities	(584)
As at 31 December 2018	-
Amortisation and impairment	
1 July 2017	196
Amortisation charge	54
Transferred to group entities	(250)
As at 31 December 2018	-
Carrying amount	
As at 31 December 2018	-
As at 30 June 2017	377

9 Property, plant and equipment

	Leasehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
1 July 2017	177	559	7	743
Additions	-	78	4	82
Disposals	-	(10)	-	(10)
Transferred to group entities	(177)	(627)	(11)	(815)
As at 31 December 2018	-	-	-	-
Depreciation				
1 July 2017	52	385	7	444
Charged to profit and loss	10	47	1	58
Disposals	-	(5)	-	(5)
Transferred to group entities	(62)	(427)	(8)	(497)
As at 31 December 2018	-	-	-	-
Carrying amount				
As at 31 December 2018	-	-	-	-
As at 30 June 2017	125	174	-	299

Notes to the financial statements (continued)

For the year ended 31 December 2018

10 Inventories

	31 December 2018 £'000	30 June 2017 (Unaudited) £'000
Inventories	<u>-</u>	<u>156</u>

All inventories are valued at fair value. Due to the fast-moving nature of inventories this value is also their net realisable value.

11 Trade and other receivables

	31 December 2018 £'000	30 June 2017 (Unaudited) £'000
Current		
Trade receivables	-	741
Intercompany debtors	905	-
Other debtors	-	98
	<u>905</u>	<u>839</u>

Included within intercompany debtors is an amount of £1,676 due from the parent company in respect of shares issued in the current period.

Amounts due from parent and associate undertakings are repayable on demand and no interest is chargeable.

12 Trade and other payables falling due within one year

	31 December 2018 £'000	30 June 2017 (Unaudited) £'000
Trade payables	-	315
Taxation and social security	-	114
Amount due to debt factor	-	380
Other creditors	-	191
	<u>-</u>	<u>1,000</u>

Amounts falling due to debt factor are secured by a fixed and floating charge over all property and assets of the Company. Service charges of 0.5% and lending fees of 2.75% are applicable to all related borrowings.

Notes to the financial statements (continued)

For the year ended 31 December 2018

13 Trade and other payables falling due after more than one year

	31 December 2018 £'000	30 June 2017 (Unaudited) £'000
Other creditors	-	275
	<u>-</u>	<u>275</u>

Other creditors represent an unsecured loan payable by the Company. Interest at a rate of 8% per annum was charged on the outstanding loan amount.

14 Called up share capital and reserves

	31 December 2018 £	30 June 2017 (Unaudited) £
Authorised:		
A ordinary shares of £0.10 each	69,741	52,977
B ordinary shares of £0.10 each	3,725	3,725
C ordinary shares of £0.10 each	<u>5,263</u>	<u>5,263</u>
Allotted called up and fully paid:		
A ordinary shares of £0.10 each	69,741	52,977
B ordinary shares of £0.10 each	3,725	3,725
C ordinary shares of £0.10 each	<u>5,263</u>	<u>5,263</u>

15 Employee retirement benefits

The company operates a defined contribution pension scheme on behalf of its employees, the assets of which are held separately from those of the company in an independently administered fund.

The pension cost charge for the period, representing contributions payable by the Company, amounted to £26k (Year Ended 30 June 2017: £41k). At the period end, outstanding contributions payable to the scheme amounted to £nil (2017 - £5k).

Notes to the financial statements (continued)

For the year ended 31 December 2018

16 Commitments

Capital commitments

(a) Capital commitments at the end of the financial period, for which no provision has been made are as follows:

	31 December 2018 £'000	30 June 2017 (unaudited) £'000
Unfulfilled orders placed for the procurement of tangible assets	-	16

(b) At 31 December 2018, the Company's future minimum rentals payable under non-cancellable operating leases were as follows:

	31 December 2018 £'000	30 June 2017 (Unaudited) £'000
Land and buildings		
In one year or less	21	64
Between one and five years	-	53
In five years or more	-	-
	<u>21</u>	<u>117</u>
Other		
In one year or less	-	25
Between one and five years	-	-
In five years or more	-	-
	<u>-</u>	<u>25</u>

Notes to the financial statements (continued)

For the year ended 31 December 2018

17 Transfer of trade and assets

On 1 April 2018, as part of a restructuring of the Group, the Company sold the trade and assets to SYNLAB Analytics & Services United Kingdom Limited. The sale price of £904,137 represented the net asset value, with no profit or loss on disposal.

The sale had the following effect on the Company's assets and liabilities.

	Book value £'000
Non-current assets	
Intangible assets	334
Property plant and equipment	315
Current assets	
Inventory	85
Trade and other receivables	830
Cash and cash equivalents	1
Current liabilities	
Trade and other payables	(661)
Total net assets	904

18 Parent undertaking & Ultimate controlling party

The Company's immediate parent undertaking is Labco UK Group, registered office 2 Portland Street, London, W1H 6DU.

The smallest group to consolidate these financial statements is SYNLAB Bondco plc. Copies of SYNLAB Bondco plc consolidated accounts can be obtained from the Company Secretary at the companies registered office 2 Portland Street, London, W1H 6DU.

The largest group to consolidate these financial statements is SYNLAB Limited, 2 Portland Street, London, W1H 6DU.

The Company's ultimate parent company and ultimate controlling party is Ephios Luxembourg Sarl a company registered in Luxembourg. The group is ultimately owned by funds, advised by Cinven Capital Management (V) General Partner Limited (Level 4, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 1EJ), authorised and regulated by the Guernsey Financial Services Commission.