

Origin Analytical Ltd
REPORT AND FINANCIAL STATEMENTS
for the year ended
31 December 2017



Origin Analytical Ltd

COMPANY INFORMATION

DIRECTORS

J Martin
T J Pearce
V Ridge

SECRETARY

R E Bridge

COMPANY NUMBER

7401820

REGISTERED OFFICE

Unit 1 Ravenscroft Court
Buttington Cross Enterprise Park
Welshpool
Powys
SY21 8SL

AUDITOR

RSM UK Audit LLP
Chartered Accountants
One City Place
Queens Road
Chester
CH1 3BQ

Origin Analytical Ltd

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was that of a testing laboratory for the oil and gas industry.

DIRECTORS

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

J Martin
T J Pearce
V Ridge

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £17,863 (2016: £75,784).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

AUDITOR

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

STATEMENT OF DISCLOSURE TO AUDITOR

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board



R E Bridge

Company Secretary



Origin Analytical Ltd

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIGIN ANALYTICAL LTD

Opinion

We have audited the financial statements of Origin Analytical Limited (the 'company') for the year ended 31 December 2017 which comprise Statement of Comprehensive Income and Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIGIN ANALYTICAL LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



GRAHAM BOND FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

One City Place

Queens Road

Chester

CH1 3BQ

Date

28/6/18

Origin Analytical Ltd
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

		12 months ended 31 December 2017 £	16 months ended 31 December 2016 £
TURNOVER	Notes 1	547,974	808,618
Cost of sales		(352,735)	(582,710)
Gross profit		195,239	225,908
Administrative expenses		(175,569)	(202,112)
Other operating income		-	1,926
OPERATING PROFIT	2	19,670	25,722
Interest receivable and similar income		8,717	48,248
Interest payable and similar expenses		(15,569)	(468)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,818	73,502
Taxation	4	5,045	2,282
PROFIT FOR THE FINANCIAL YEAR	13	17,863	75,784

Origin Analytical Ltd
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2017

		31 December 2017	31 December 2016
	Notes	£	£
FIXED ASSETS			
Tangible assets	5	159,934	197,092
Investments	6	260,583	260,583
		<u>420,517</u>	<u>457,675</u>
CURRENT ASSETS			
Debtors	7	728,205	1,026,667
Cash at bank and in hand		10,624	37,047
		<u>738,829</u>	<u>1,063,714</u>
CREDITORS			
Amounts falling due within one year	8	(167,467)	(542,328)
NET CURRENT ASSETS		<u>571,362</u>	<u>521,386</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>991,879</u>	<u>979,061</u>
PROVISIONS FOR LIABILITIES	9	(21,404)	(26,449)
		<u>970,475</u>	<u>952,612</u>
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account	13	970,474	952,611
SHAREHOLDER'S FUNDS		<u>970,475</u>	<u>952,612</u>

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

The financial statements on pages 6 to 15 were approved by the board of directors and authorised for issue on 15 June 2018 and are signed on their behalf by:



T J Pearce
Director

Origin Analytical Ltd

ACCOUNTING POLICIES

COMPANY INFORMATION

Origin Analytical Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1, Ravenscroft Court, Buttington Cross Enterprise Park, Welshpool, Powys, SY21 8SL.

ACCOUNTING CONVENTION

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 the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The accounting period presented is the 12 months to 31 December 2017. The previous accounting period was extended in order to better align with our customers and relates to a 16 month period. Therefore the comparative amounts are not entirely comparable.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption in Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

REDUCED DISCLOSURE EXEMPTIONS

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows'
- Section 26 'Share-based Payment'
- Section 33 'Related Party Disclosures'

The financial statements of the Company are consolidated in the financial statements of Hafren Scientific Ltd. The consolidated financial statements of Hafren Scientific Ltd are available from its registered office, Unit 1, Ravenscroft Court, Buttington Cross Enterprise Park, Welshpool, Powys, SY21 8SL.

GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The directors have reviewed and approved detailed cash flow forecasts for the period to December 2019. The forecasts demonstrate that the company has an operational business generating positive cash flows for the foreseeable future. On this basis the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Origin Analytical Ltd

ACCOUNTING POLICIES

TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of the business. Turnover is shown net of Value Added Tax, of goods and services provided to customers and, in the case of long term contracts, credit is taken appropriate to the stage of completion when the outcome of the contract can be ascertained with reasonable certainty.

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	20% reducing balance
Office Equipment	-	25% straight line

PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to profit or loss.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Current tax is based on taxable profit for the period. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where 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 that occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which that are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Origin Analytical Ltd

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at the market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been effected. If the asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and subsequently all the risks and rewards of ownership to another entity, or if some significant risk and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deduction all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payment discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled or they expire.

Origin Analytical Ltd

ACCOUNTING POLICIES

INVESTMENTS

Fixed asset investments are stated at cost less impairment.

EMPLOYEE BENEFITS

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Origin Analytical Ltd

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

1 TURNOVER

Overseas turnover amounted to 37% (2016 – 43%) of the total turnover for the year.

2 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	12 months ended 31 December 2017 £	16 months ended 31 December 2016 £
Directors' Remuneration	-	-
Depreciation of owned fixed assets	41,255	62,918
Depreciation of leased assets	-	9,522
Net loss / (gain) on foreign currency translation	32,156	(109,234)
Auditor's Remuneration	-	-
	<u> </u>	<u> </u>

Directors and Auditor remuneration are paid by the Parent Company.

3 EMPLOYEES

The average number of person employed in the reporting period was:

12 months ended 31 December 2017 No.	16 months ended 31 December 2016 No.
<u>8</u>	<u>12</u>

4 TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the period

	12 months ended 31 December 2017 £	16 months ended 31 December 2016 £
Current tax:		
Under / (Over) provision in prior year	-	7,450
Total current tax	-	<u>7,450</u>
Deferred tax:		
Origination and reversal of timing differences	(5,045)	(9,732)
Tax on profit on ordinary activities	<u>(5,045)</u>	<u>(2,282)</u>

Origin Analytical Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

5 TANGIBLE FIXED ASSETS

	Office Equipment £	Plant and Machinery £	Total £
Cost			
At 1 January 2017	1,686	517,575	519,261
Additions	1,190	2,907	4,097
At 31 December 2017	<u>2,876</u>	<u>520,482</u>	<u>523,358</u>
Depreciation			
At 1 January 2017	1,492	320,677	322,169
Charge for the period	492	40,763	41,255
At 31 December 2017	<u>1,984</u>	<u>361,440</u>	<u>363,424</u>
Net book value			
At 31 December 2017	<u>892</u>	<u>159,042</u>	<u>159,934</u>
At 31 December 2016	<u>194</u>	<u>196,898</u>	<u>197,092</u>

6 INVESTMENTS

	Shares in subsidiary undertakings £	Capital contribution to subsidiary undertakings £	Total £
Cost and Net Book Value			
At 1 January 2017 and 31 December 2017	<u>625</u>	<u>259,958</u>	<u>260,583</u>

7 DEBTORS

	2017 £	2016 £
Trade Debtors	240	10,956
Amounts owed by group undertakings	689,293	980,059
Corporation Tax	-	-
VAT	5,662	12,846
Prepayments and accrued income	33,010	22,806
	<u>728,205</u>	<u>1,026,667</u>

The debtors above include the following amounts falling due after more than one year:

	2017 £	2016 £
Amounts owed by Group undertakings	<u>97,977</u>	<u>159,564</u>

Origin Analytical Ltd

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

8 CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	10,464	49,615
Amounts owed to group undertakings	144,810	474,535
Other tax and social security	2,722	4,293
Pension	294	363
Accruals and deferred income	9,177	13,522
	<u>167,467</u>	<u>542,328</u>

In the accounts of the parent company, Hafren Scientific Limited, there are 2 loans with the Development Bank of Wales. Both of these loans are secured by a fixed and floating charge over the assets and undertakings of Chemostrat Limited, Origin Analytical Limited and Hafren Scientific Limited.

9 PROVISIONS FOR LIABILITIES

	Deferred taxation £
Balance brought forward	26,449
Profit and Loss Account movement arising during the period	(5,045)
Balance carried forward	<u>21,404</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Excess of taxation allowances over depreciation on fixed assets	21,404	26,449
	<u>21,404</u>	<u>26,449</u>

10 CONTINGENT LIABILITIES

The company has an unlimited multilateral guarantee relating to any monies owed to HSBC by Chemostrat Limited and Hafren Scientific Limited. At 31st December 2017 the liability across the Group was £Nil (2016: £Nil).

11 RETIREMENT BENEFIT SCHEMES

The company operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the group in an independently administered fund. The contributions payable by the company charged to the profit or loss amounted to £1,714 (2016: £2,432). Contributions totalling £294 (2016: £363) were payable to the fund at the period end and are included in creditors.

12 SHARE CAPITAL

	2017	2016
	£	£
Allotted and called up:		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

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

Origin Analytical Ltd

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

13 PROFIT AND LOSS ACCOUNT

	2017	2016
	£	£
At the beginning of the period	952,611	876,827
Profit for the financial period	17,863	75,784
At the end of the period	<u>970,474</u>	<u>952,611</u>

Cumulative profit and loss net of distribution to owners.

14 ULTIMATE PARENT COMPANY AND CONTROLLING PARTIES

The immediate and ultimate parent company is Hafren Scientific Limited, a company incorporated in England and Wales.

The ultimate controlling parties are Dr T J Pearce and Dr K T Ratcliffe, being the majority shareholders of Hafren Scientific Limited.

Hafren Scientific Ltd is the smallest and largest company for which consolidated accounts including Origin Analytical Ltd are prepared. The consolidated accounts of Hafren Scientific Ltd are available from its registered office Unit 1 Ravenscroft Court, Buttington Cross Enterprise Park, Welshpool, Powys, SY21 8SL.