
PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

COMPANY INFORMATION

Directors	A I Mills P D Coles
Company secretary	A I Mills
Registered number	07444185
Registered office	i54 Business Park Valiant Way Wolverhampton WV9 5GB
Independent auditor	Mazars LLP Chartered Accountants and Statutory Auditor 45 Church Street Birmingham B3 2RT
Bankers	HSBC Bank plc 8 Canada Square London E14 5HQ

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

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PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The principal activity of the Company during the year was the provision of the consulting services of its Public Analysts to Local Authorities in England, Wales and Scotland. The Company carries out tests to establish the safety, composition, authenticity, origin, traceability and purity of food and foodstuffs to Local Authorities and the food industry.

Results and dividends

The profit for the year, after taxation, amounted to £53 thousand (2017 - £63 thousand).

The directors do not recommend payment of a final dividend

Directors

The directors who served during the year were:

A I Mills
P D Coles

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Brexit impact

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy. The Company continues to monitor any potential implication with respect to the Business.

Future developments

The management foresees no material changes in the business model in 2019.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

Small companies note

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

This report was approved by the board on 30 September 2019 and signed on its behalf.



A I Mills
Director

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

Opinion

We have audited the financial statements of Public Analyst Scientific Services Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including RS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended; for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 2. The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

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.

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

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.

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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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.
- 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 in preparing the Directors' Report and from the requirement to prepare a Strategic Report

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on pages 1 - 2, 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.

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

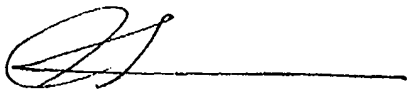
Auditor's responsibilities for the audit of the financial statements

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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Louis Burns (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

30 September 2019

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Turnover	4	1,839	1,817
Cost of sales		(882)	(940)
Gross profit		957	877
Administrative expenses		(883)	(787)
Operating profit	5	74	90
Interest payable and expenses	8	(21)	(27)
Profit before tax		53	63
Tax on profit	9	-	-
Profit for the financial year		53	63

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£nil).

The notes on pages 10 to 27 form part of these financial statements.

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED
REGISTERED NUMBER: 07444185

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Goodwill	11	371	371
Other intangible assets	10	1	5
Tangible assets	12	49	68
		<u>421</u>	<u>444</u>
Current assets			
Debtors: amounts falling due within one year	13	626	273
Cash at bank and in hand	14	22	134
		<u>648</u>	<u>407</u>
Creditors: amounts falling due within one year	15	(485)	(257)
Net current assets		<u>163</u>	<u>150</u>
Total assets less current liabilities		<u>584</u>	<u>594</u>
Creditors: amounts falling due after more than one year		(449)	(456)
		<u>135</u>	<u>138</u>
Provisions for liabilities			
Other provisions	17	-	(56)
		<u>-</u>	<u>(56)</u>
Net assets		<u>135</u>	<u>82</u>
Capital and reserves			
Called up share capital	18	475	475
Profit and loss account	20	(340)	(393)
		<u>135</u>	<u>82</u>

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED
REGISTERED NUMBER: 07444185

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2019.



A I Mills
Director

The notes on pages 10 to 27 form part of these financial statements.

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017	475	(456)	19
Comprehensive income for the year			
Profit for the year	-	63	63
Total comprehensive income for the year	-	63	63
At 1 January 2018	475	(393)	82
Comprehensive income for the year			
Profit for the year	-	53	53
Total comprehensive income for the year	-	53	53
At 31 December 2018	475	(340)	135

The notes on pages 10 to 27 form part of these financial statements.

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Public Analyst Scientific Services Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom.

The registered office is located at i54 Business Park, Valiant Way, Wolverhampton, WV9 5GB.

The principal activity of the Company during the year was the provision of the consulting services of its Public Analysts to Local Authorities in England, Wales and Scotland.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 101 is given in note 26.

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

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with International Reporting Standards (IFRSs) as endorsed for use with European Union.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

- paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

For certain disclosure exemptions listed above, the equivalent disclosures are included in the consolidated financial statements of Eurofins Scientific SE which are available to the public and can be obtained as a set out in note 25.

2.3 Going concern

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

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Foreign currency translation (continued)

foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Impact of new international reporting standards, amendments and interpretations

IFRS 9

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 1 January 2018.

IFRS 15

From 1 January 2018, the Company has applied IFRS 15 using the cumulative effect method.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 1 January 2018.

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.11 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probably and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

2.12 Other intangible assets

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

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 5-10 years or over the life of the lease
Plant and equipment	- 2-10 years
Office equipment	- 3 years
Assets under construction	- Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

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

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

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.18 Financial instruments

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

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

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

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

Financial liabilities

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

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method,

PUBLIC ANALYST SCIENTIFIC SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.18 Financial instruments (continued)

which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

The Company applies IFRS9 simplified approach to measuring expected credit losses which use lifetime expected loss allowance for all trade receivables and other receivables.

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

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

Judgements

In the process of applying the Group's accounting policies described above, management has made the following judgements that have significant effects on the amounts recognised in the financial statements (apart from those involving estimates, which are dealt with in the following paragraphs).

Provisions and accruals

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed annually and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 12.

Impairment of accounts receivable

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment of goodwill

In reviewing the carrying value of goodwill management has made estimates of future gross margin, market share, discount rate to apply to cash flows and the rate of cash flow growth beyond the immediate planning horizon. These estimates are based on all information currently available to management. The sensitivity of the impairment review to the estimates included had been considered. See note 11 for further details.

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4. Turnover

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

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets	23	45
Amortisation of intangible assets	7	4
Exchange differences	(3)	13
Defined contribution pension cost	19	14
Cost of stocks recognised as an expense	11	24
Operating lease payments		
- minimum lease payments	-	12

6. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2018	2017
	£000	£000
Fees for the audit of the Company	4	4
Fees for tax compliance services	1	2
	5	6

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7. Employees

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	413	406
Social security costs	44	47
Cost of defined contribution scheme	19	14
	476	467

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

	2018	2017
	No.	No.
Operational, management and administration	10	9

The directors were remunerated via other group undertakings.

8. Interest payable and similar expenses

	2018	2017
	£000	£000
Loans from group undertakings	21	24
Other interest payable	-	3
	21	27

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9. Taxation

	2018 £000	2017 £000
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	<u>53</u>	<u>64</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	10	12
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4	-
Adjustments to tax charge in respect of prior periods - deferred tax	-	(41)
Adjusted deferred tax to average rate	-	(1)
Deferred tax not recognised	(14)	30
Total tax charge for the year	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. Intangible assets

	Software licences £000
Cost	
At 1 January 2018	10
Additions - external	3
	<hr/>
At 31 December 2018	13
	<hr/>
Amortisation	
At 1 January 2018	5
Charge for the year	7
	<hr/>
At 31 December 2018	12
	<hr/>
Net book value	
At 31 December 2018	1
	<hr/> <hr/>
<i>At 31 December 2017</i>	5
	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
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11. Goodwill

	2018 £000
Cost	
At 1 January 2018	437
At 31 December 2018	<u>437</u>
Amortisation	
At 1 January 2018	66
At 31 December 2018	<u>66</u>
Net book value	
At 31 December 2018	<u><u>371</u></u>
<i>At 31 December 2017</i>	<u><u>371</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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11. Goodwill (continued)

Goodwill acquired through business combinations has been allocated for impairment testing purposes to a single cash-generating unit.

This is the lowest level within the Company at which goodwill is monitored for internal management purposes.

The Company performed its annual impairment test as at 31 December 2018. The Company considers the recoverable amount in assessing whether there is a potential impairment of goodwill.

The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the board covering a 5 year period. The discount rate applied to cash flow projections is 9.64% in line with the group weighted average cost of capital. Cash flows beyond the 5-year forecast are included in the cash flow projection through the use of a terminal value assuming a growth rate of 2%.

The impairment review established that no impairment was required.

Key assumptions used in value in use calculations

The calculation of value in use is most sensitive to the following assumptions:

- Gross margin;
- Discount rates;
- Market share during the budget period;

Gross margins were based on values achieved in the years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

Discount rates reflect the group's weighted average cost of capital. This is the benchmark used by group management to assess operating performance and to evaluate future capital investment proposals.

Market share assumptions are important because management assess how the unit's relative position to its competitors might change over the budget period. Management expect the Company's share of the market to be stable over the budget period.

Sensitivity to changes in assumptions

The Company estimates the recoverable amount is equal to its carrying value. Consequently, unfavourable change in any of the above key assumptions might cause the carrying value to be below the recoverable amount and trigger the need for an impairment loss to be reversed. However it is not thought that any reasonably possible change in any of the key assumptions above would be sufficient to trigger the need for an impairment loss to be recognised.

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12. Tangible fixed assets

	Leasehold improvements £000	Plant and equipment £000	Office equipment £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 January 2018	97	558	34	-	689
Additions	-	2	-	2	4
At 31 December 2018	97	560	34	2	693
Depreciation					
At 1 January 2018	97	493	31	-	621
Charge for the year on owned assets	-	21	2	-	23
At 31 December 2018	97	514	33	-	644
Net book value					
At 31 December 2018	-	46	1	2	49
At 31 December 2017	-	65	3	-	68

The net book value of land and buildings may be further analysed as follows:

13. Debtors

	2018 £000	2017 £000
Trade debtors	210	195
Amounts owed by group undertakings	216	8
Other debtors	109	-
Prepayments and accrued income	91	70
	626	273

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14. Cash and cash equivalents

	2018	2017
	£000	£000
Cash at bank and in hand	22	134
	22	134

15. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	3	20
Amounts owed to group undertakings	196	76
Other taxation and social security	163	14
Other creditors	-	18
Accruals and deferred income	123	129
	485	257

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

	2018	2017
	£000	£000
Amounts owed to group undertakings	449	456
	449	456

The loan from Eurofins Scientific SE is denominated in GBP and is provided on an interest only basis at a floating rate equal to a 12 month index of the LIBOR plus a spread of 4.5%. The loan was agreed on 12 November 2018 and has a maturity date of 11 November 2025. The Company has not pledged any of its assets as security for this loan.

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17. Provisions

	Restructuring provision £000
At 1 January 2018	56
Charged to profit or loss	(56)
At 31 December 2018	-

18. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
475,000 (2017 - 475,000) Ordinary shares of £1.00 each	475	475

19. Deferred tax

The Company has a deferred tax asset of £104,320 (2017: £229,588) relating to tax losses and temporary differences which has not been recognised due to the uncertainty over the availability of future taxable profits.

20. Reserves

Profit and loss account

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

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £18,822 (2017 - £13,918). Contributions totalling £22,622 (2017 - £4,056) were payable to the fund at the reporting date and are included in creditors.

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22. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	-	40
	<u>-</u>	<u>40</u>

23. Related party transactions

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

24. Post balance sheet events

There were no adjusting or non-adjusting events after the reporting period.

25. Controlling party

Eurofins Food Testing UK Holding Limited is the immediate parent of the Company. The ultimate parent and controlling party is Eurofins Scientific SE, a company incorporated in Luxembourg.

Copies of the Group's financial statement are publicly available and can be obtained from:

Eurofins Scientific SE
23 Val Fleuri
L-1526, Luxembourg
Luxembourg

26. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.