

**Annual report  
for the 52 weeks ended 28 December 1997**

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*IAM.*



## **Directors, officers and advisors**

### **Directors**

I P Sword, PhD, C Chem, FRSC, FRSE, FRCPE (Chairman)  
H B Newman BSc  
S G Leslie  
B Bathgate BSc, PhD (Appointed 22 January 1997)  
W S Nimmo BSc, MD, FRCP, FRCA, FANZCA, FFPM (Appointed 22 January 1997)

### **Secretary**

D Davidson, BA, AIPD

### **Registered office**

Elphinstone Research Centre  
Tranent  
EH33 2NE

### **Registered auditors**

Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
Erskine House  
68/73 Queen Street  
Edinburgh  
EH2 4NH

### **Solicitors**

Dundas & Wilson WS  
Saltire Court  
20 Castle Street  
Edinburgh  
EH1 2EN

### **Bankers**

Bank of Scotland  
38 St Andrew Square  
Edinburgh  
EH2 2YR

**Directors' report  
for the 52 weeks ended 28 December 1997**

The directors present their report and the financial statements for Inveresk Research International Limited for the 52 week period ended 28 December 1997.

**Principal activities and business review**

The principal activity of the company is scientific research and consultancy.

The business has grown during the period and the directors are of the opinion that the state of affairs at the period end is satisfactory and that operations will continue to expand.

**Results and dividends**

The profit for the 52 weeks after taxation amounted to £2,612,474 (1996 - £2,775,264). A dividend of £6,289,000 was paid in the period (1996 - £600,000).

**Fixed assets**

In the opinion of the directors, the market value of heritable property is in excess of its book value.

**Directors and their interests**

The directors who held office throughout the 52 weeks ended 28 December 1997 are shown on page 2.

None of the directors of the company had any interest in the share capital of the company or other companies in the group.

I P Sword, S G Leslie and H C Wiseman declare an interest pursuant to Section 317 of the Companies Act 1985 in an agreement between the company and Inveresk Property Services Limited to lease heritable property at Inveresk Gate, Musselburgh at an open market rental of £82,825.

**Directors' report  
for the 52 weeks ended 28 December 1997 (continued)****Employee involvement**

The company remains committed to its quality management programme which involves all staff in seeking to continuously improve the services offered to sponsors. Staff share in the success of the company through a profit-related pay scheme and bonus arrangement. Staff training and development have continued to be emphasised through the availability of extensive in-house training courses and through performance appraisal systems.

**Employment of disabled persons**

The policy of the company is to take reasonable steps to promote equality of employment opportunity for disabled persons. During the 52 week period ended 28 December 1997 the company has accordingly:-

- (a) given full and fair consideration to applications for employment made by disabled persons;
- (b) continued the employment wherever possible of employees who have become disabled during the period; and
- (c) provided equal opportunities for training, career development and promotion of disabled persons.

**Suppliers Payment Policy**

It is company policy to settle all debts with its suppliers on a timely basis, taking account of the credit period given by each supplier. As at 28 December 1997, the company had 27 days purchases outstanding.

**Auditors**

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

**Going Concern**

The directors have prepared the accounts contained herein on the basis that the business is a going concern.

**By order of the Board**

**D Davidson**

**Secretary**

30 April 1998




## **Statement of directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the 52 week period ended 28 December 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**By order of the board**



**D Davidson**

**Secretary**

30 April 1998





# Report of the auditors to the members of Inveresk Research International Limited

We have audited the financial statements on pages 7 to 21.

## Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

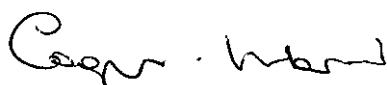
## Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 December 1997 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**  
Chartered Accountants and Registered Auditors  
Edinburgh  
30 April 1998



**Profit and loss account  
for the 52 weeks ended 28 December 1997**

	Notes	1997 £	1996 £
<b>Turnover</b>			
Cost of sales	2	25,035,803 (18,833,749)	23,705,806 (18,219,220)
Gross profit		<u>6,202,054</u>	<u>5,486,586</u>
Other operating expenses	5	(3,097,215)	(2,647,576)
<b>Operating profit</b>		<u>3,104,839</u>	<u>2,839,010</u>
Investment income and interest receivable	7	328,021	187,133
Interest payable	8	(25,372)	(26,610)
<b>Profit on ordinary activities before taxation</b>		<u>3,407,488</u>	<u>2,999,533</u>
Taxation	9	(795,014)	(224,269)
<b>Profit on ordinary activities after taxation</b>		<u>2,612,474</u>	<u>2,775,264</u>
Dividends	10	(6,289,000)	(600,000)
<b>Retained (loss)/profit for the financial year</b>	20	<u>(3,676,526)</u>	<u>2,175,264</u>

All the results of the company relate to continuing operations.

The company has no recognised gains and losses other than those included in the profits/(loss) above, and therefore no separate statement of total recognised gains and losses has been presented.

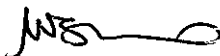
There is no difference between the profit on ordinary activities before taxation or the profit for the financial year stated above and their historical cost equivalents.



# Balance sheet at 28 December 1997

	Notes	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets			
- Owned			
- Leased	11	21,579,788	20,498,298
Investments	12	187,823	276,165
	13	6,538,901	6,538,901
		<u>28,306,512</u>	<u>27,313,364</u>
<b>Current assets</b>			
Stocks and work-in-progress			
Debtors	14	2,029,942	1,570,640
Short-term deposits	15	6,110,115	4,415,021
Cash at bank and in hand		678,000	1,430,000
		13,727	16,932
		<u>8,831,784</u>	<u>7,432,593</u>
<b>Creditors: amounts falling due within one year</b>	16	17,340,682	11,169,265
<b>Net current liabilities</b>		<u>(8,508,898)</u>	<u>(3,736,672)</u>
<b>Total assets less current liabilities</b>		<u>19,797,614</u>	<u>23,576,692</u>
<b>Creditors: amounts falling due after more than one year</b>	17	214,189	316,741
<b>Provisions for liabilities and charges</b>			
Deferred tax	18	500,000	500,000
<b>Net assets</b>		<u>19,083,425</u>	<u>22,759,951</u>
<b>Capital and reserves</b>			
Called up share capital	19	275,000	275,000
Capital redemption reserve		325,000	325,000
Share premium account		1,058,993	1,058,993
Profit and loss account	20	17,424,432	21,100,958
<b>Equity shareholders' funds</b>	24	<u>19,083,425</u>	<u>22,759,951</u>

The financial statements on pages 7 to 21 were approved by the board of directors on 30 April 1998 and were signed on its behalf by:

  
W S Nimmo  
Director

  
S G Leslie  
Director



## **Notes to the financial statements for the 52 weeks ended 28 December 1997**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The company is a wholly owned subsidiary of SGS(UK) Limited and its results and cashflows are included within the consolidated financial statements of that company. As a result, the company has taken advantage of the exemption in section 228 of the Companies Act not to prepare consolidated financial statements and also the exemption under Financial Reporting Standard 1 (revised) not to prepare a cashflow statement.

#### **Basis of accounting**

The financial statements have been prepared on the historical cost basis.

#### **Turnover**

Turnover, which excludes value added tax and trade discounts, represents amounts invoiced to clients for services rendered, excluding clients' payments on account.

#### **Associated undertakings**

Dividends from associated undertakings are accounted for when received. Management fees from associated undertakings are accounted for when receivable.

#### **Research and development expenditure**

Research and development expenditure is written off in the year in which it is incurred.

#### **Pension arrangements**

The company operates a defined benefit pension scheme which is funded by contributions from both the company and its employees. The cost of providing future benefits is estimated by independent qualified actuaries using the Projected Unit valuation method. Variations in pension costs are spread over the expected service lives of current employees.

The funding policy is also based on the Projected Unit valuation method using the same actuarial assumptions as the accounting policy but any surplus or deficit arising from experience or benefit changes has been recognised at a different rate than under the accounting policy.

**1 Principal accounting policies (continued)****Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost of tangible fixed assets in equal annual instalments, over their expected useful lives, as follows:

Land	- Nil
Heritable property	- 20 years
Leasehold buildings	- Over the term of the lease
Equipment	- Three to five years

**Leased assets**

Where assets are financed by leasing agreements or hire purchase contracts that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the fair value of the asset and the corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on leased assets is charged to the profit and loss account over the term of the lease or life of the asset if shorter. Lease and hire purchase payments are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest is charged to the profit and loss account so as to give a constant periodic rate of charge on the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are expensed as incurred.

**Investments**

Investments are stated at the lower of cost and directors' valuation.

**Stocks and work-in-progress**

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Work-in-progress includes direct material and labour costs plus an appropriate proportion of overheads. Deductions from work-in-progress have been made in respect of provisions for potential losses on contracts.

**Payments on account**

Payments on account relate to amounts that have been invoiced to clients in accordance with negotiated contract terms in advance of the corresponding costs being incurred on the relevant projects.

**Deferred taxation**

Deferred taxation is provided, using the liability method, in respect of all significant timing differences between the treatment of certain items for accounting and taxation purposes which are expected to reverse in the foreseeable future.





## 1 Principal accounting policies (continued)

### Exchange translations

Remittances in foreign currencies during the year are translated at the actual rate obtained. Assets and liabilities in foreign currencies at the year end are translated at rates ruling at the balance sheet date. Differences arising on translation of foreign currencies are credited/charged to the profit and loss account.

## 2 Segmental information

The directors are of the opinion that the company has only one class of business, namely scientific research and consultancy. However the company provided its services to customers in a number of geographical areas and its turnover to customers can be summarised as follows:

	1997 £	1996 £
United Kingdom	7,050,027	6,575,813
Export	17,985,776	17,129,993
	<u>25,035,803</u>	<u>23,705,806</u>

## 3 Profit on ordinary activities before taxation

	1997 £	1996 £
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Profit on ordinary activities before taxation is stated after charging:

Depreciation on		
- tangible owned fixed assets	2,899,821	2,753,924
- tangible fixed assets held under finance leases and hire purchase contracts	99,742	121,598
Operating lease rentals		
- plant and machinery and vehicles	113,966	102,159
- heritable property	102,799	115,663
Auditors' remuneration		
- audit services	18,568	18,607
- other services	13,616	14,100
Foreign exchange loss	21,224	13,121
	<u>21,224</u>	<u>13,121</u>



#### 4 Directors and employees

The average monthly number of persons both full time and part time (including executive directors) employed by the company during the 52 week period was:

	1997 Number	1996 Number
Operating areas	340	336
Administration	170	156
	<u>510</u>	<u>492</u>

	1997 £	1996 £
<b>Staff costs:</b>		
Wages and salaries	9,124,216	8,524,925
Social security costs	700,212	689,106
Other pension costs	689,124	631,782
	<u>10,513,552</u>	<u>9,845,813</u>

	1997 £	1996 £
<b>Directors' remuneration:</b>		
The aggregate amount of emoluments paid to Directors in respect of services.	<u>298,914</u>	<u>178,174</u>

There are four Directors to whom retirement benefits are accruing under defined benefit schemes in respect of qualifying services.

The highest paid director:

Total emoluments	164,888	117,712
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Amount of accrued pension at end of year:

- attributable to benefits transferred in from other schemes	28,311
- attributable to benefits accrued within the company	25,667
	<u>53,978</u>



**5 Other operating expenses**

	1997 £	1996 £
Administrative expenses	3,100,618	2,637,025
Other (income)/expenses	(3,403)	10,551
	<u>3,097,215</u>	<u>2,647,576</u>

**6 Pension costs**

The company operates a defined benefit pension scheme with assets being held in a separate trustee administered fund.

The pension scheme is actuarially valued every three years and the last valuation was at 1 January 1996. The actuary is not an employee or officer of Inveresk Research International Ltd. The main actuarial assumptions used in the most recent valuation were as follows:

Investment return	9.0% per annum
Salary growth	7.0% per annum
Post retirement pension increases	4.0% per annum

At the date of the most recent valuation the combined market value of the assets of the scheme amounted to approximately £14,560,592. The actuarial value of the assets represented 94% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Based on actuarial advice received and taking into account subsequent changes in the scheme liabilities and assets the rate of funding will continue to be 10.2% (1997: 10.2%). This assumes the post retirement pension increase will be the lower of the retail price index or 5%.

The total pension cost charged for the 52 week period in these financial statements amounted to £689,124(1996: £631,782).

**7 Investment income and interest receivable**

	1997 £	1996 £
Income from shares in group undertakings	250,000	125,000
Other interest receivable	78,021	62,133
	<u>328,021</u>	<u>187,133</u>

**8 Interest payable**

	1997 £	1996 £
Bank interest	964	512
Finance leases and hire purchase contracts	21,121	23,211
Interest payable on loan from subsidiary	-	2,887
Interest payable on loan from holding company	3,287	-
	<u>25,372</u>	<u>26,610</u>

**9 Taxation**

	1997 £	1996 £
United Kingdom corporation tax at 31.5% (1996: 33%):		
Current	736,674	362,011
Tax credits on franked investment income	50,000	-
Under/(over) provision in respect of prior years	8,340	(137,742)
	<u>795,014</u>	<u>224,269</u>

The effective rate of taxation is lower than the statutory rate because of taxation allowances obtained on capital expenditure incurred during the year on which, in accordance with the company's accounting policy, no deferred taxation has been provided.

**10 Dividends**

	1997 £	1996 £
Dividends on equity shares:		
Ordinary - Interim paid of £22.87 per share (1996:£2.18)	6,289,000	600,000
	<u>6,289,000</u>	<u>600,000</u>

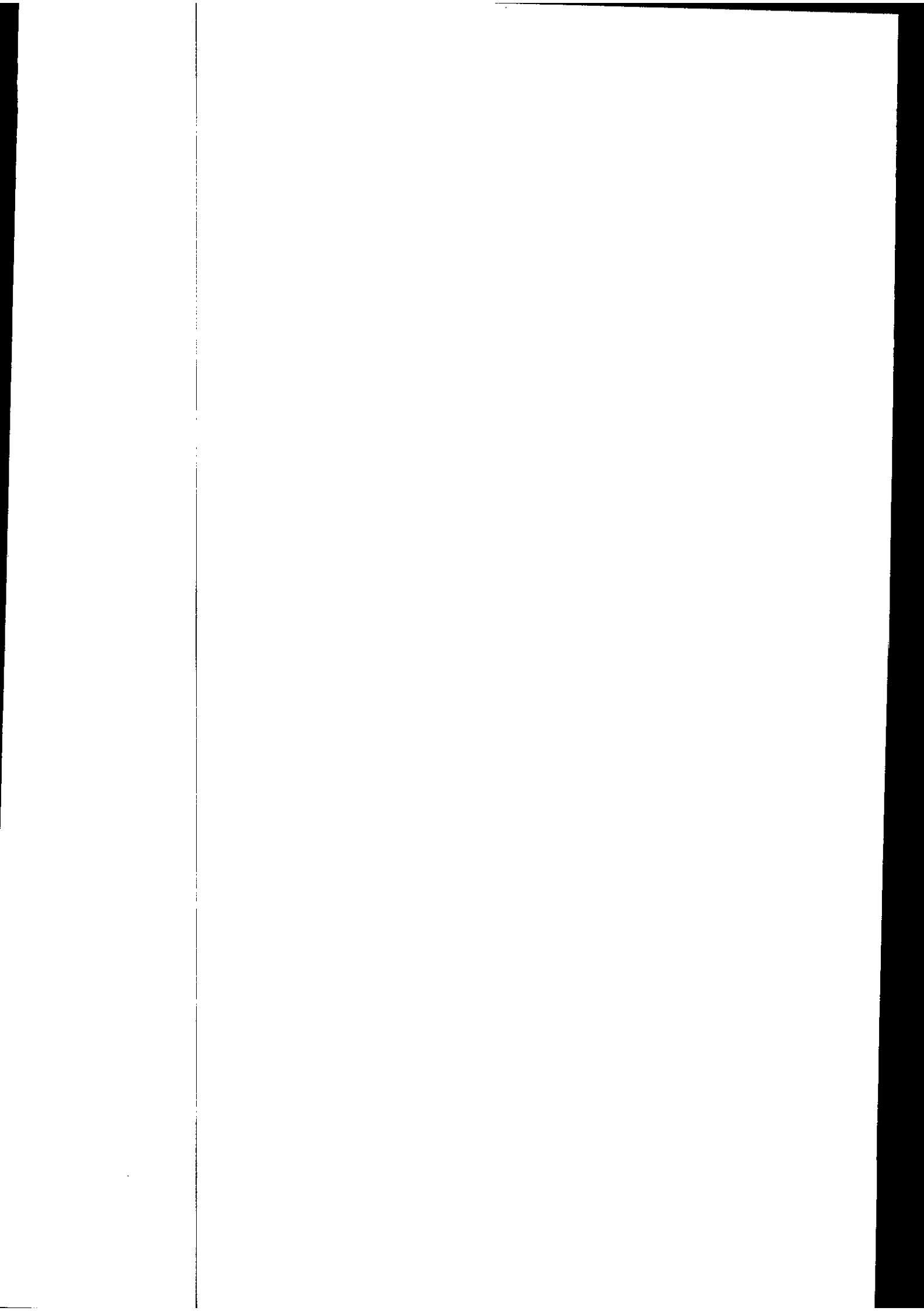
# 11 Fixed assets

	Heritable property £	Short leasehold improvements £	Plant and machinery £	Total £
<b>Cost</b>				
At 30 December 1996	24,588,577	6,611	11,767,404	36,362,592
Recategorisation of Assets	217,457	-	(217,457)	-
Additions	2,548,023	-	1,433,288	3,981,311
Disposals	-	-	(268,524)	(268,524)
<b>At 28 December 1997</b>	<b>27,354,057</b>	<b>6,611</b>	<b>12,714,711</b>	<b>40,075,379</b>
<b>Depreciation</b>				
At 30 December 1996	6,923,027	6,611	8,934,656	15,864,294
Recategorisation of Assets	82,770	-	(82,770)	-
Charge for 52 weeks	1,440,496	-	1,459,325	2,899,821
Disposals	-	-	(268,524)	(268,524)
<b>At 28 December 1997</b>	<b>8,446,293</b>	<b>6,611</b>	<b>10,042,687</b>	<b>18,495,591</b>
<b>Net book value at 28 December 1997</b>	<b>18,907,764</b>	<b>-</b>	<b>2,672,024</b>	<b>21,579,788</b>
<b>Net book value at 29 December 1996</b>	<b>17,665,550</b>	<b>-</b>	<b>2,832,748</b>	<b>20,498,298</b>

During the year the company recategorised £217,457 of assets from plant and machinery to heritable property to bring the treatment of those assets in line with that of other similar assets. The effect of this reclassification is a reduction in the depreciation charge for the year of £32,619.

Heritable property includes the cost of land, which is not depreciated, of £129,763 (1996:£129,763).





## 12 Tangible fixed assets - leased

	Plant and machinery £
<b>Cost</b>	
At 30 December 1996	1,582,211
Additions	11,400
Disposals	(144,579)
	<hr/>
<b>At 28 December 1997</b>	<b>1,449,032</b>
	<hr/>
<b>Depreciation</b>	
At 30 December 1996	1,306,046
Charge for 52 weeks	99,742
Disposals	(144,579)
	<hr/>
<b>At 28 December 1997</b>	<b>1,261,209</b>
	<hr/>
<b>Net book value at 28 December 1997</b>	<b>187,823</b>
	<hr/>
 Net book value at 29 December 1996	 276,165
	<hr/>

## 13 Investments

	1997 £	1996 £
<b>In unlisted investments at cost:</b>		
Subsidiary undertakings	6,513,901	6,513,901
Associated undertakings	25,000	25,000
	<hr/>	<hr/>
	<b>6,538,901</b>	<b>6,538,901</b>
	<hr/>	<hr/>

**Comprising holdings in allotted ordinary share capital:**

Name	Holding	Activity
Quality Control International Ltd (Registered in England)	100%	- Dormant
Inveresk Research International Continuation Ltd (Registered in Scotland)	100%	-Dormant
G L P - Systems Ltd (Registered in Scotland)	100%	- Dormant
Inveresk Clinical Research Ltd (Registered in Scotland)	100%	- Clinical Research
Cambell Farms Ltd (Registered in England)	25%	- Laboratory supplies



**13 Investments (continued)****Inveresk Clinical Research Limited**

	£
Equity shareholders' funds as at 30 December 1996	2,154,087
Retained Profit for the financial year	681,463
	<hr/>
Equity shareholders' funds as at 28 December 1997	2,835,550
	<hr/> <hr/>

**Associated undertaking**

The principal country of operation of Cambell Farms Ltd is the United Kingdom. IRI Ltd's 25% holdings results in a share of net assets amounting to £12,308 at the last Balance Sheet date. Cambell Farms has an accounting year end of 31 December.

**14 Stocks and work-in-progress**

	1997 £	1996 £
Stocks	149,400	127,050
Work-in-progress	1,963,262	1,569,840
	<hr/>	<hr/>
	2,112,662	1,696,890
Provisions for potential losses on contracts	(82,720)	(126,250)
	<hr/>	<hr/>
	2,029,942	1,570,640
	<hr/> <hr/>	<hr/> <hr/>

**15 Debtors**

	1997 £	1996 £
<b>Amounts falling due within one year:</b>		
Trade debtors	4,128,241	3,333,920
Amount due from group undertakings	632,232	515,074
Other debtors	61,396	80,044
Prepayments	233,826	485,983
ACT recoverable	1,054,420	-
	<hr/>	<hr/>
	6,110,115	4,415,021
	<hr/> <hr/>	<hr/> <hr/>

**16 Creditors: amounts falling due within one year**

	1997	1996
	£	£
Bank overdraft	134,502	620,140
Payments on account	6,215,975	5,560,996
Obligations under:		
Finance leases	534	4,676
HP agreements	81,714	89,623
Trade creditors	947,289	863,711
Amounts due to subsidiary undertakings	6,629,166	2,210,024
Corporation tax	210,222	363,554
Other taxation and social security payable	264,688	244,997
Other creditors	1,132,621	1,057,647
Accruals	171,625	123,801
Deferred pension provision	30,096	30,096
ACT payable	1,522,250	-
	<u>17,340,682</u>	<u>11,169,265</u>

The bank facilities are secured by a bond and floating charge over the assets of the company and two standard securities held over land at Elphinstone, Tranent.

**17 Creditors: amounts falling due after more than one year**

	1997	1996
	£	£
Obligations under:		
Finance leases	-	46
HP agreements	106,023	178,433
Deferred pension provision	108,166	138,262
	<u>214,189</u>	<u>316,741</u>

**17 Creditors: amounts falling due after more than one year  
(continued)**

**Finance leases and HP agreements**

The net lease obligations to which the company is committed are:

	1997	1996
	£	£
In one year or less	82,248	94,299
Between two and five years	106,023	178,479
	<u>188,271</u>	<u>272,778</u>

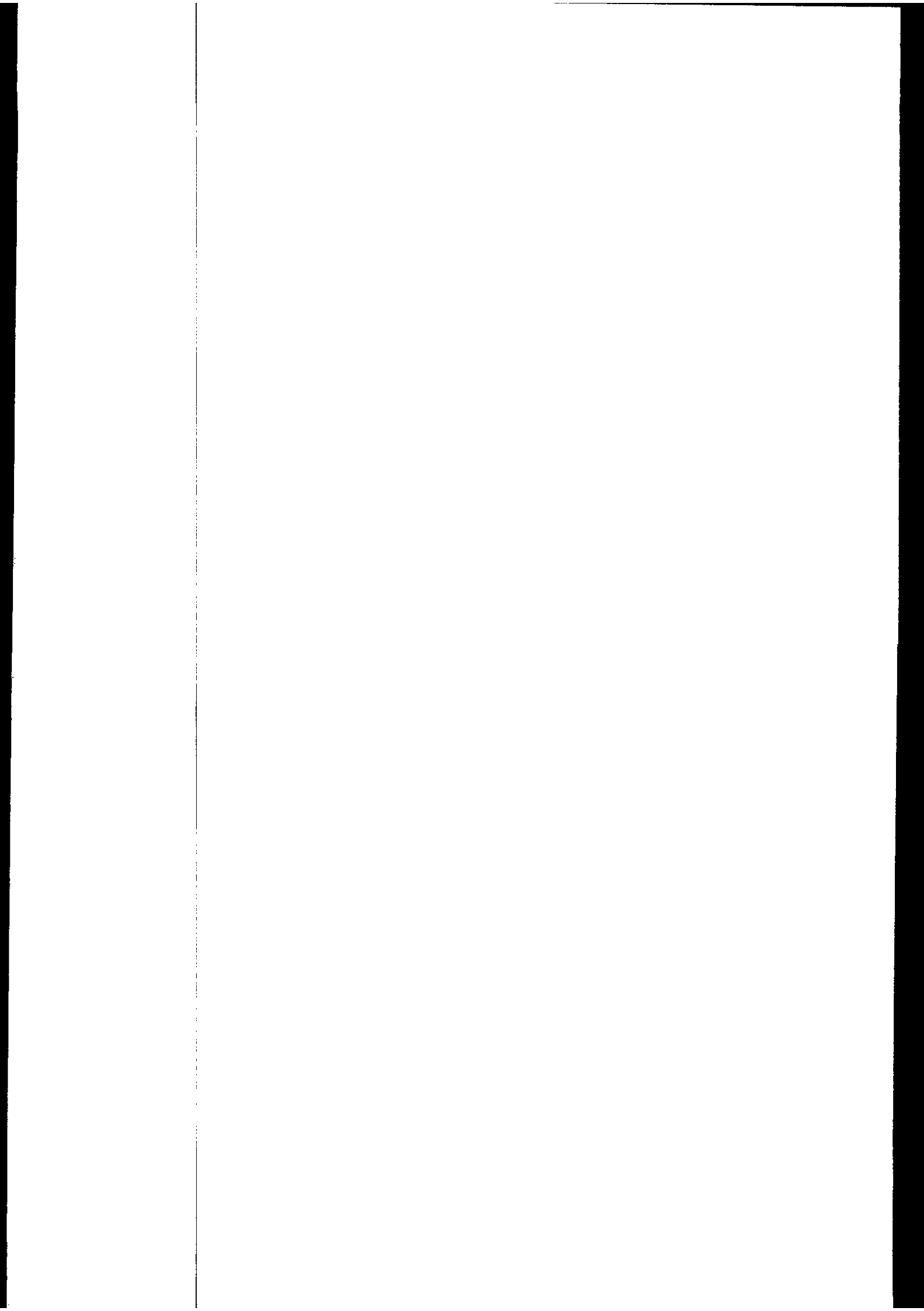
**Deferred pension provision**

	1997	1996
	£	£
In one year or less	30,096	30,096
Between two and five years	108,166	138,262
	<u>138,262</u>	<u>168,358</u>

**18 Deferred taxation**

Deferred tax provided in the financial statements and the amount unprovided of the total potential liability, are as follows:

	Amount provided		Total potential liability	
	1997	1996	1997	1996
	£	£	£	£
Tax effect at 31% (1996:33%) of timing differences because of:				
Accelerated capital allowances	560,149	575,146	6,300,722	6,399,877
Other timing differences	(60,149)	(75,146)	(60,149)	(75,146)
	<u>500,000</u>	<u>500,000</u>	<u>6,240,573</u>	<u>6,324,731</u>



# Inveresk Research International Limited

## 19 Called up share capital

	1997 £	1996 £
<b>Authorised</b>		
275,000 ordinary shares of £1 each	275,000	275,000
325,000 10% cumulative redeemable preference shares of £1 each	325,000	325,000
	<u>600,000</u>	<u>600,000</u>
<b>Allotted, called up and fully paid</b>		
275,000 ordinary shares of £1 each	<u>275,000</u>	<u>275,000</u>

## 20 Profit and loss account

	1997 £	1996 £
At 30 December 1996	21,100,958	18,925,694
Retained (loss)/profit for the 52 week period	(3,676,526)	2,175,264
	<u>17,424,432</u>	<u>21,100,958</u>
At 28 December 1997		

## 21 Obligations under operating leases

At 28 December 1997 the company had annual commitments under operating leases which expire:

	Short lease property £	Motor Vehicles £
Within one year	5,000	13,013
In the second to fifth years	22,250	75,042
	<u>27,250</u>	<u>88,055</u>

## 22 Capital commitments

	1997 £	1996 £
Contracted but not provided for in the financial statements	<u>572,494</u>	<u>3,821,065</u>



## 23 Ultimate Holding company

The whole share capital of the company is owned by SGS(UK) Limited which is the immediate holding company and the immediate controlling party. The ultimate parent company and ultimate controlling party is Societe Generale de Surveillance Holdings S.A., registered in Geneva, Switzerland, which owns the whole share capital of SGS(UK) Limited.

Under the terms of Financial Reporting Standard 8, Inveresk Research International Limited is exempt from disclosing related party transactions and balances with entities in the SGS Group. Copies of the financial statements of SGS are available from The Company Secretary, Societe Generale de Surveillance Holdings S.A, Place des Alpes, CH-1211 Geneva, Switzerland.

## 24 Related Party Transactions

During the year the company leased property from Inveresk Property Services Limited, a company in which directors I P Sword and S G Leslie have declared an interest.

A rental charge of £82,825 is reflected in the accounts in respect of this transaction.

An amount of £5,000 is payable to Inveresk Property Services Limited at the balance sheet date.

## 24 Reconciliation of movements in equity shareholders' funds

	1997 £	1996 £
Profit on ordinary activities after taxation	2,612,474	2,775,264
Dividends	(6,289,000)	(600,000)
Net (reduction)/addition to equity shareholders' funds	(3,676,526)	2,175,264
Opening equity shareholders' funds	22,759,951	20,584,687
Closing equity shareholders' funds	19,083,425	22,759,951

## 25 Contingent liabilities

The company is aware of a claim regarding an alleged contractual dispute claiming that Inveresk is in breach of contract.

The directors are confident that the dispute can be resolved without recourse to legal proceedings. They are of the opinion, having regard to legal advice received and the company's insurance arrangements that it is unlikely the claim, if successful, will have a material effect on the company's financial position, results of operations or liquidity.