

Commercial Microbiology Limited

Directors' report and financial statements

Registered number SC112363

31 December 2009

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Directors' report for the year ended 31 December 2009

The Directors of Commercial Microbiology Limited (the "Company") present their report and the audited financial statements for the year ended 31 December 2009.

Principal activities

The principal activities of the Company are the provision of microbiology consultancy, laboratory analyses and the manufacture and supply of monitoring equipment. No significant changes in the Company's activities are expected.

Business review

The results for the year and the state of affairs of the Company at 31 December 2009 are shown in the financial statements and the notes on pages 8 to 15.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company are closely aligned with those discussed in the Group's annual report, which is publicly available from the Group Company Secretary, Intertek Group plc, 25 Savile Row, London W1S 2ES.

At 31 December 2009, the Company had investments in Group companies of £nil (2008: £16,000) and amounts due from Group companies of £1,850,000 (2008: £167,000). Amounts owed to Group companies totalled £108,000 (2008: £31,000). A sustained period of economic recession could impact the operating results and financial position of these Group companies and impact their carrying value and ability to repay the amounts due to the Company.

Business Outlook

The management expects that future performance will be in line with current performance.

Dividends

No dividends were paid during the year (2008: £nil). The Directors do not propose the payment of any further dividends in respect of the year.

Directors

The Directors who held office during the year, together with their dates of appointment and resignation as appropriate, are given below:

R P A Lewis

R Pirie

A Swift

Policy and practice on payment of suppliers

The Company does not follow a single standard on payment practice but has a variety of payment terms with its suppliers. The Company aims to develop relationships with suppliers that are based upon mutual trust. The Company is aware of the importance of prompt payment, especially to small businesses, and it undertakes to pay suppliers on time and according to agreed terms of trade. The Company has a wide range of suppliers and no individual supplier is of critical importance. At 31 December 2009, the period of credit taken from the Company's suppliers amounted to 18 days (2008: 18 days).

Disclosure of information to auditors

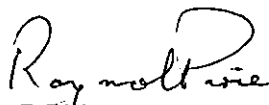
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report (continued)

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board


R Pirie
Director

Registered office
Kettock Lodge
Campus 2
Aberdeen Science Park
Aberdeen
AB22 8GU

18 August 2010

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).


Under Company law, the Directors must not approve the financial statements until 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board


R. Pirie
Director

18 August 2010

Independent auditors' report to the members of Commercial Microbiology Limited

We have audited the financial statements of Commercial Microbiology Limited for the year ended 31 December 2009 set out in pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided in the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



DJ Watt (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB

20 August 2010

Profit and loss account

for the year ended 31 December 2009

	<i>Note</i>	2009 £000	2008 £000
Turnover		3,436	3,749
Operating costs		(3,046)	(2,679)
Operating profit		390	1,070
Interest receivable and similar income	5	2	10
Interest payable and similar charges	6	(9)	(7)
Profit on sale of subsidiary	7	1,187	-
Profit on ordinary activities before taxation	3	1,570	1,073
Tax on profit on ordinary activities	8	(105)	(309)
Profit for the financial year	16	1,465	764

Turnover and operating profit arose wholly from continuing operations.

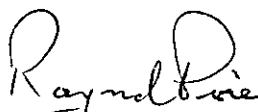
The company had no gains or losses in the current year or preceding year other than those reported above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet

at 31 December 2009

	Note	2009 £000	2009 £000	2008 £000	2008 £000
Fixed assets					
Tangible assets	9		714		736
Investments	10		-		16
			<u>714</u>		<u>752</u>
Current assets					
Stock	11	229		201	
Debtors	12	2,432		1,124	
Cash at bank and in hand		<u>163</u>		<u>529</u>	
			2,824		1,854
Creditors: amounts falling due within one year	13		<u>(402)</u>		<u>(892)</u>
Net current assets			<u>2,422</u>		<u>962</u>
Total assets less current liabilities			3,136		1,714
Provision for liabilities and charges	14		(5)		(48)
Net assets			<u>3,131</u>		<u>1,666</u>
Capital and reserves					
Called up share capital	15		20		20
Capital redemption reserve	16		2		2
Profit and loss account	16		3,109		1,644
Shareholders' funds	16		<u>3,131</u>		<u>1,666</u>

The financial statements on pages 6 to 15 were approved by the Board of Directors on 18 August 2010 and were signed on its behalf by:


R Pirie
 Director

Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent company includes the company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Intertek Group plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Intertek Group plc, within which this Company is included, can be obtained from the Group Company Secretary, 25 Savile Row, London W1S 2ES.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on page 2. The directors consider that future performance will be in line with current performance and as a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets and depreciation

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Tenant's improvements -	4 years
Laboratory equipment -	4 years
Computer software -	2 - 4 years
Office equipment -	4 years

Impairment of tangible fixed assets

The carrying amounts of the company's tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the tangible fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of tangible fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Foreign currencies

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

Notes to the financial statements (continued)**1. Accounting policies (continued)****Leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stock

All categories of stock are valued at the lower of cost and estimated net realisable value. Cost in this context is defined as either selling price less appropriate trading margins or actual invoice price. Estimated net realisable value is determined by reference to market value less selling expenses.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the Company

Following the adoption of FRS25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Dividends

Dividends unpaid at the balance sheet date are recognised as liabilities at that date, only to the extent that they are properly authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Turnover

Turnover comprises the invoice value of goods and services, exclusive of value added tax.

Notes to the financial statements (continued)**2. Remuneration of Directors**

The Directors did not receive remuneration from the Company during the year or in the previous year.

3. Notes to the profit and loss account

	2009 £000	2008 £000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation written off owned tangible fixed assets:	148	139
Hire of plant and machinery - rentals payable under operating leases	31	36
Hire of other assets – operating leases	173	144
Auditors' remuneration		
Audit of these financial statements	12	9

4. Staff numbers and costs

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

	Number of employees	
	2009	2008
Management	9	10
Sales and technical	39	43
Administration	5	5
	<u>53</u>	<u>58</u>

The aggregate payroll costs of these persons were as follows:

	2009 £000	2008 £000
Wages and salaries	1,327	1,318
Social security costs	126	129
Pension contributions (see note 18)	31	31
	<u>1,484</u>	<u>1,478</u>

5. Interest receivable and similar income

	2009 £000	2008 £000
Bank interest	<u>2</u>	<u>10</u>

6. Interest payable and similar charges

	2009 £000	2008 £000
On bank loans and overdraft	-	7
On all other loans	<u>9</u>	<u>-</u>
	<u>9</u>	<u>7</u>

Notes to the financial statements (continued)**7. Profit on sale of subsidiary**

	2009 £000	2008 £000
Gain on disposal of subsidiary	<u>1,187</u>	<u>-</u>

On 30 April 2009, the Company sold its 100% share in Commercial Microbiology Inc (registered in the USA) to another Group company. This represents a discontinuation of the Company's overseas based operations.

Commercial Microbiology Limited is claiming the substantial shareholder exemption on the capital gain on the sale of the shares, resulting in a tax charge of zero on the sale.

8. Taxation**a) Analysis of charge in year**

	2009 £000	2009 £000	2008 £000	2008 £000
UK corporation tax				
Current tax on income for the year	-		41	
Adjustments in respect of prior years	<u>-</u>	-	<u>1</u>	
				42
Group relief				
Charge for the current year	151		306	
Adjustments in respect of prior years	<u>(3)</u>	-	<u>-</u>	
		148		306
Double taxation relief		-		(1)
Foreign tax				
Current tax on income for the period		-		1
Total current tax		<u>148</u>		<u>348</u>
Deferred tax (see note 14)				
Origination/reversal of timing differences	(42)		(39)	
Adjustments in respect of prior years	<u>(1)</u>	-	<u>-</u>	
Total deferred tax		<u>(43)</u>		<u>(39)</u>
Tax on profit on ordinary activities		<u>105</u>		<u>309</u>

Notes to the financial statements (continued)**b) Factors affecting the tax charge for the current year**

The current tax charge for the year is lower (2008: higher) than the standard rate of corporation tax in the UK of 28.0% (2008: 28.5%). The differences are explained below:

	2009 £000	2008 £000
Current tax reconciliation		
Profit on ordinary activities before taxation	<u>1,570</u>	<u>1,073</u>
Current tax at 28.0% (2008: 28.5%)	440	306
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2	6
Deductible expenses not included in financial statements	-	(5)
Depreciation for year in excess of capital allowances	41	40
Capital gain not taxable	(333)	-
Other short term timing differences	1	-
Adjustment to tax charge in respect of prior years	(3)	1
Total current tax charge (see above)	<u>148</u>	<u>348</u>

9. Tangible fixed assets

	Tenant's improvements £000	Assets under construction £000	Laboratory equipment £000	Computer software £000	Office equipment £000	Total £000
Cost						
At beginning of year	54	414	485	149	148	1,250
Additions	-	73	23	15	15	126
Disposals	-	-	-	-	(1)	(1)
At end of year	<u>54</u>	<u>487</u>	<u>508</u>	<u>164</u>	<u>162</u>	<u>1,375</u>
Depreciation						
At beginning of year	14	-	354	58	88	514
Charge for year	14	-	68	38	28	148
Disposals	-	-	-	-	(1)	(1)
At end of year	<u>28</u>	<u>-</u>	<u>422</u>	<u>96</u>	<u>115</u>	<u>661</u>
Net book value						
At 31 December 2009	<u>26</u>	<u>487</u>	<u>86</u>	<u>68</u>	<u>47</u>	<u>714</u>
At 31 December 2008	<u>40</u>	<u>414</u>	<u>131</u>	<u>91</u>	<u>60</u>	<u>736</u>

Notes to the financial statements (continued)**10. Fixed asset investment**

	2009	2008
	£000	£000
<i>Cost</i>		
At beginning of year	16	16
Disposal (note 7)	(16)	-
At end of year	<u>-</u>	<u>16</u>

Shares held in Commercial Microbiology Inc were disposed of on 30 April 2009 to another Group Company. The gain on disposal amounted to £1,187,000.

11. Stock

	2009	2008
	£000	£000
Goods for resale	113	114
Work in progress	116	87
	<u>229</u>	<u>201</u>

12. Debtors

	2009	2008
	£000	£000
Trade debtors	478	583
Amounts owed by Group undertakings	1,850	167
Other debtors	1	11
Prepayments and accrued income	103	363
	<u>2,432</u>	<u>1,124</u>

13. Creditors: amounts falling due within one year

	2009	2008
	£000	£000
Trade creditors	42	68
Amounts owed to Group undertakings	108	31
Corporation tax	-	40
Other taxes and social security	45	115
Other creditors	59	332
Group relief payable	148	306
	<u>402</u>	<u>892</u>

Notes to the financial statements (continued)**14. Provision for liabilities and charges**

Deferred tax liability	2009 £000	2008 £000
At beginning of year	48	87
Credit to the profit and loss account for the year	(43)	(39)
At end of year	5	48

The elements of deferred taxation are as follows:

	2009 £000	2008 £000
Difference between accumulated depreciation and capital allowances	6	49
Other short term timing differences	(1)	(1)
Total deferred tax liability at end of year (see above)	5	48

15. Called up share capital**Authorised**

Authorised share capital was abolished with effect from 1 October 2009 in accordance with the Companies Act 2006. Consequential amendments have been made to the Company's articles of association.

	2009 £000	2008 £000
Allotted, called up and fully paid		
20,000 Ordinary shares of £1 each	20	20

16. Reconciliation of movements in shareholders' funds

	Ordinary share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total shareholders' funds £000
At beginning of year	20	2	1,644	1,666
Profit for the year	-	-	1,465	1,465
At end of year	20	2	3,109	3,131

Notes to the financial statements (continued)**17. Commitments**

	2009 £000	2008 £000
(i) Capital commitments contracted for	<u>60</u>	<u>60</u>

- (ii) At the end of the financial year the Company had annual commitments under non-cancellable operating leases as follows:

	2009 £000	2008 £000	2009 £000	2008 £000
Operating leases which expire:				
Within one year	-	-	-	1
In the second to fifth years inclusive	<u>105</u>	<u>105</u>	<u>24</u>	<u>27</u>
	<u>105</u>	<u>105</u>	<u>24</u>	<u>28</u>

18. Pension scheme

The Company contributes to a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £31,000 (2008: £31,000). There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

19. Ultimate parent undertaking

The immediate parent undertaking is CML Biotech Limited.

The ultimate parent undertaking and controlling party is Intertek Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Intertek Group plc's consolidated financial statements can be obtained from the Group Company Secretary at 25 Savile Row, London, W15 2ES.