

Alpha Laboratories Limited

Registered number: 01215816

Directors' report and financial statements

For the year ended 30 September 2017

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ALPHA LABORATORIES LIMITED

COMPANY INFORMATION

Directors	Mr D Giles Mrs A M Giles Mr N S Giles Ms T L Giles (appointed 1 May 2017) Mrs A Giles (appointed 1 May 2017)
Company secretary	Mrs A M Giles
Registered number	01215816
Registered office	40 Parham Drive Eastleigh Hampshire SO50 4NU
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor Merck House Seldown Lane Poole Dorset BH15 1TW
Bankers	Barclays Bank Plc Level 27 1 Churchill Place London E14 5HP

ALPHA LABORATORIES LIMITED

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ALPHA LABORATORIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

Introduction

The directors present their strategic report for Alpha Laboratories Limited for the year ended 30 September 2017.

The principal activity of the company during the year continued to be the marketing of equipment, diagnostics, reagents and disposable plastics to clinical and research laboratories. Recently this activity has been extended to NHS Clinical Commissioning Groups and medical clinics.

Business review

Alpha Laboratories sources and supplies Laboratory Equipment/Consumables and Clinical Diagnostics. Sales activity is global for Laboratory Equipment/Consumables, mainly under the Alpha Label. In contrast, the Diagnostics are proprietary, bear the manufacturer's label and are sold only in the British Isles. The company is divisionalised accordingly.

Over the last year the company has been running a Key Account Management pilot. This new approach is being tested prior to being rolled out across the country. Initial indications suggest this new way of selling our products is working but further analysis will be carried out during 2017/18 prior to making a decision on introduction.

Primary customers are the NHS, private clinical laboratories, universities, medical schools, life science industry and in the case of the export business, distributors.

The business relies on strong working relationships with numerous suppliers some of whom have supplied the company for more than 30 years. Many suppliers are based in the United States or Japan and the rest are on mainland Europe and the UK.

The company continued to invest in its ERP system and a development of its website. Following our enhancement of our ERP environment more focus on mining data has been introduced. In fact, implementation of Business Objects 4.2 was completed and adoption is underway.

Principal risks and uncertainties

A significant amount of the company's purchases are in US Dollars and Swiss Francs so the Pound/US Dollar and Pound/CHF exchange rates are a constant risk which is managed using forward exchange contracts and options. A Sterling depreciation can therefore be planned for and adjustments to operating practises or costs made appropriately. Due to the Brexit negotiations this approach is being truly tested.

In recent years the Diagnostic Market has become dominated by large multinational suppliers. This has enabled these enormous companies to establish, for many clinical laboratories, Managed Service Contracts (MSCs). As these do not attract VAT they save the hospital Trust 20% but lock users into the multinational outfit's range of products. Most MSCs are for a period of 10-15 years. Alpha continues to work with these organisations rather than compete.

The company has been supplying the four countries in the National Bowel Cancer Screening programme for the last 14 years. Scotland started with the company's new Bowel Screening Technology in November 2017. A considerable amount of work has gone into ensuring this implementation is successful. A decision from Public Health England on the award of the English tender for Bowel screening is still awaited.

ALPHA LABORATORIES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

Key performance indicators

As a result of normal company operations there are a variety of financial risks to which the company could be exposed. To control the possible effects of such risks, the board of directors constantly monitor the situation, relying on the controls and policies that are implemented by the company's finance department.

Credit Risk

The company deals mainly with numerous quasi-government organisations so it has limited exposure to credit risk.

Liquidity Risk

The company retains sufficient cash to ensure it has adequate funds available for operations.

Interest rate risk

The company earns interest at a floating rate on cash balances. The company has a mortgage of £918,997.18 secured on its freehold premises. The interest rate is fixed by an interest rate swap. The company does not have any other interest bearing debt and therefore the directors do not consider the company to have any exposure to interest rate risk on liabilities.

Foreign exchange risk

The company has transactional currency exposure chiefly in U.S. dollars and Swiss Francs. It uses forward currency contracts to alleviate the currency exposure. At 30 September 2017 the company's USD forward contracts, amounting to £3.6 million, for NHS Laboratories at an average exchange rate of £1 = \$1.2983.

Financial performance

Profit & Loss

Sales increased by 9.1%. However Gross Profit margins were down mainly due to exchange rate changes, the competitive nature of the market and the customer's unwillingness to accept reasonable price increases. Overhead costs decreased by a nominal 0.4%, mainly due to staff vacancies.

Profit for the financial year after taxation was £514,792.

Balance Sheet

Net Current Assets increased by 60.7% due largely to increases in cash reserves of £0.7m. Within this stock levels increased by 22.1%.

Overall Assets & Liabilities were up 29.1% on the prior year due to the above and the increase in profits for 2017.

ALPHA LABORATORIES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

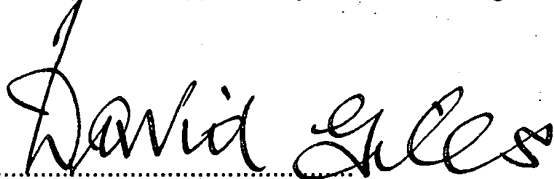
Future developments

More work will be carried out to assess the effectiveness of a key account management approach. Both divisions will continue to look for new and innovative product and product ranges that can accompany our existing portfolios.

Additional premises will be sought to ensure we have sufficient storage space to accommodate growth and requirements due to tender success.

The plan for the coming year is to increase sales by 2.0% on the prior year.

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



.....
Mr D Giles
Director

Date:

13 February 2018

ALPHA LABORATORIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present their report and the financial statements for the year ended 30 September 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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.

Results and dividends

The profit for the year, after taxation, amounted to £514,792 (2016 - £429,549).

The final dividend of £88,000 in relation to the year ended 30 September 2016 was paid in the year. The directors propose a final dividend of £132,000 in relation to the current financial year.

Directors

The directors who served during the year were:

Mr D Giles
Mrs A M Giles
Mr N S Giles
Ms T L Giles (appointed 1 May 2017)
Mrs A Giles (appointed 1 May 2017)

ALPHA LABORATORIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

Matters covered in the Strategic Report

The mandatory disclosures in relation to the principal risks and uncertainties, research and development and the future developments of the company are considered by the directors to be of strategic importance. These have therefore been included in the Strategic Report.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

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

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



Mrs A M Giles
Director

Date: 13 Feb 18

ALPHA LABORATORIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA LABORATORIES LIMITED

Opinion

We have audited the financial statements of Alpha Laboratories Limited (the 'company') for the year ended 30 September 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit 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.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Directors' 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.

ALPHA LABORATORIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA LABORATORIES LIMITED

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report 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 Strategic Report or 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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, 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.

ALPHA LABORATORIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA LABORATORIES LIMITED

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

Auditor's responsibilities for the audit of the financial statements

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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.

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.



Lesley Fox (Senior statutory auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
5th Floor Merck House
Seldown Lane
Poole
Dorset
BH15 1TW

Date: 22/2/18

ALPHA LABORATORIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	12,644,726	11,590,203
Cost of sales		(9,110,881)	(8,335,441)
Gross profit		3,533,845	3,254,762
Administrative expenses		(2,777,646)	(2,674,228)
Other operating income	5	21,700	21,700
Operating profit	6	777,899	602,234
Interest receivable and similar income	9	1,787	460
Interest payable and expenses	10	(66,901)	(69,494)
Profit before tax		712,785	533,200
Tax on profit	11	(197,993)	(103,651)
Profit for the financial year		514,792	429,549
Other comprehensive income for the year			
Fair value adjustments		(297,873)	257,501
Other comprehensive income for the year		(297,873)	257,501
Total comprehensive income for the year		216,919	687,050

There were no recognised gains and losses for 2017 or 2016 other than those included in the profit and loss account.

The notes on pages 13 to 28 form part of these financial statements.

ALPHA LABORATORIES LIMITED
REGISTERED NUMBER: 01215816

BALANCE SHEET
AS AT 30 SEPTEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	1,749,282	1,768,186
		<u>1,749,282</u>	<u>1,768,186</u>
Current assets			
Stocks	14	1,360,946	1,096,862
Debtors: amounts falling due within one year	15	1,794,628	2,165,908
Cash at bank and in hand	16	1,641,397	975,976
		<u>4,796,971</u>	<u>4,238,746</u>
Creditors: amounts falling due within one year	17	(2,217,457)	(1,752,760)
Net current assets		<u>2,579,514</u>	<u>2,485,986</u>
Total assets less current liabilities		<u>4,328,796</u>	<u>4,254,172</u>
Creditors: amounts falling due after more than one year	18	(865,233)	(921,710)
Provisions for liabilities			
Deferred tax	21	(60,252)	(58,070)
		<u>(60,252)</u>	<u>(58,070)</u>
Net assets		<u><u>3,403,311</u></u>	<u><u>3,274,392</u></u>
Capital and reserves			
Called up share capital	22	22,000	22,000
Share premium account		28,966	28,966
Capital redemption reserve		3,000	3,000
Cash flow hedge reserve		(344,982)	(47,109)
Profit and loss account		3,694,327	3,267,535
		<u>3,403,311</u>	<u>3,274,392</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

David Giles

Mr D Giles
Director

Date:

13 Feb 2018

The notes on pages 13 to 28 form part of these financial statements.

ALPHA LABORATORIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Cash flow hedge reserve £	Profit and loss account £	Total equity £
At 1 October 2015	22,000	28,966	3,000	(304,610)	2,925,986	2,675,342
Comprehensive income for the year						
Profit for the year	-	-	-	-	429,549	429,549
Fair value movement	-	-	-	257,501	-	257,501
Dividends: Equity capital	-	-	-	-	(88,000)	(88,000)
At 1 October 2016	22,000	28,966	3,000	(47,109)	3,267,535	3,274,392
Comprehensive income for the year						
Profit for the year	-	-	-	-	514,792	514,792
Fair value movements	-	-	-	(297,873)	-	(297,873)
Dividends: Equity capital	-	-	-	-	(88,000)	(88,000)
At 30 September 2017	22,000	28,966	3,000	(344,982)	3,694,327	3,403,311

The notes on pages 13 to 28 form part of these financial statements.

ALPHA LABORATORIES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	514,792	429,549
Adjustments for:		
Depreciation of tangible assets	87,304	121,960
Loss on disposal of tangible assets	(690)	(2,626)
Interest paid	66,901	69,494
Interest received	(1,787)	(460)
Taxation charge	197,993	103,651
(Increase)/decrease in stocks	(264,084)	330,336
Decrease/(increase) in debtors	116,095	(144,571)
Increase/(decrease) in creditors	341,908	(198,230)
Corporation tax (paid)	(118,423)	(61,946)
Net cash generated from operating activities	940,009	647,157
Cash flows from investing activities		
Purchase of tangible fixed assets	(68,709)	(30,401)
Sale of tangible fixed assets	1,000	6,900
Interest received	1,787	460
Net cash from investing activities	(65,922)	(23,041)
Cash flows from financing activities		
Repayment of loans	(53,765)	(59,524)
Dividends paid	(88,000)	(88,000)
Interest paid	(66,901)	(69,494)
Net cash used in financing activities	(208,666)	(217,018)
Net increase in cash and cash equivalents	665,421	407,098
Cash and cash equivalents at beginning of year	975,976	568,878
Cash and cash equivalents at the end of year	1,641,397	975,976
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,641,397	975,976
	1,641,397	975,976

The notes on pages 13 to 28 form part of these financial statements.

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

1. General information

Alpha Laboratories Limited (No. 01215816) is a private company limited by shares incorporated in England and Wales. The registered office is 40 Parham Drive, Eastleigh, Hampshire, SO50 4NU.

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

2. Accounting policies (continued)**2.2 Revenue**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover is attributable to one activity, the distribution of laboratory equipment, reagents and disposable plastics.

Turnover is recognised in accounting periods in which the goods are dispatched.

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.

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

2. Accounting policies (continued)**2.3 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.

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:

Freehold property	- 50 years straight line
Motor vehicles	- 4 years straight line
Equipment	- 2 to 5 years straight line

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 Profit and Loss account.

2.4 Stocks

Stocks are valued on a FIFO basis at the lower of cost and net realisable value after making due allowances for obsolete and slow-moving stocks.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

2.5 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.

2.6 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

2. Accounting policies (continued)**2.7 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss account.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

2. Accounting policies (continued)**2.9 Hedge accounting**

The Company uses variable to fixed interest rate swaps to manage its exposure to cash flow risk on its interest rates. These derivatives are measured at fair value at each balance sheet date.

The Company uses foreign currency forward contracts to manage its exposure to cash flow risk on its suppliers in foreign currency. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in other comprehensive income.

2.10 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 Profit and Loss account 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 Profit and Loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss account within 'other operating income'.

2.11 Finance costs

Finance costs are charged to the Profit and Loss account 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.

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

2. Accounting policies (continued)**2.12 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss account 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

2.14 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 Profit and Loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Profit and Loss account using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the Profit and Loss account in the year in which they are incurred.

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 Profit and Loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

2. Accounting policies (continued)**2.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.19 Employee benefits*Short-term employee benefits*

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

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

In preparing these financial statements, the directors have had to make the following key judgements and estimation uncertainties.

Stock provisions

Provisions for stock and work in progress are made by the management of the company based on the age and condition of stock, related costs and prevailing market conditions. The balance of this liability held at 30 September was £295.7k (2015: £325.4k).

Derivatives

The directors have made key assumptions in the determination of the fair value of derivative financial instruments. Further details can be seen in note 20.

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Sale of goods	12,595,924	11,540,203
Rendering of services	48,802	50,000
	<u>12,644,726</u>	<u>11,590,203</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	11,663,647	10,485,561
Rest of Europe	907,870	1,018,758
Rest of the world	73,209	85,884
	<u>12,644,726</u>	<u>11,590,203</u>

5. Other operating income

	2017 £	2016 £
Rents receivable	21,700	21,700
	<u>21,700</u>	<u>21,700</u>

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	86,815	121,960
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,000	11,250
- Taxation compliance services	2,550	2,475
Exchange differences	(231,110)	(87,397)
Other operating lease rentals	106,381	129,475
Defined contribution pension cost	85,380	85,899
	<u></u>	<u></u>

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	2,302,413	2,242,051
Social security costs	249,102	247,358
Cost of defined contribution scheme	85,380	85,899
	<u>2,636,895</u>	<u>2,575,308</u>

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

	2017 No.	2016 No.
Distribution staff	41	43
Administrative staff	4	4
Management staff	8	8
	<u>53</u>	<u>55</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	180,114	168,789
Company contributions to defined contribution pension schemes	39,815	39,600
	<u>219,929</u>	<u>208,389</u>

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £105,500 (2016 - £105,500).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2016 - £NIL).

The total accrued pension provision of the highest paid director at 30 September 2017 amounted to £NIL (2016 - £NIL).

The key management personnel of the company are the directors.

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

9. Interest receivable

	2017 £	2016 £
Other interest receivable	1,787	460
	<u>1,787</u>	<u>460</u>

10. Interest payable and similar charges

	2017 £	2016 £
Bank loans	66,901	69,494
	<u>66,901</u>	<u>69,494</u>

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	195,811	118,423
	<u>195,811</u>	<u>118,423</u>
Total current tax	<u>195,811</u>	<u>118,423</u>
Deferred tax		
Origination and reversal of timing differences	2,182	(14,772)
Total deferred tax	<u>2,182</u>	<u>(14,772)</u>
Taxation on profit on ordinary activities	<u>197,993</u>	<u>103,651</u>

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	712,785	533,200
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	142,557	106,640
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	55,854	662
Capital allowances for year in excess of depreciation	(2,462)	10,888
Fixed asset profit on disposals	(138)	(525)
Changes in provisions leading to an increase (decrease) in the tax charge	-	758
Deferred tax movement	2,182	(14,772)
Total tax charge for the year	197,993	103,651

12. Dividends

	2017 £	2016 £
Ordinary		
Dividends paid	88,000	88,000
	88,000	88,000

On 30 September 2017 the directors propose a dividend of £132,000.

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

13. Tangible fixed assets

	Land and Buildings £	Equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 October 2016	1,843,896	589,474	90,925	2,524,295
Additions	-	15,305	53,405	68,710
Disposals	-	(33,599)	-	(33,599)
At 30 September 2017	<u>1,843,896</u>	<u>571,180</u>	<u>144,330</u>	<u>2,559,406</u>
Depreciation				
At 1 October 2016	254,748	436,079	65,282	756,109
Charge for the year on owned assets	28,818	33,969	24,517	87,304
Disposals	-	(33,289)	-	(33,289)
At 30 September 2017	<u>283,566</u>	<u>436,759</u>	<u>89,799</u>	<u>810,124</u>
Net book value				
At 30 September 2017	<u>1,560,330</u>	<u>134,421</u>	<u>54,531</u>	<u>1,749,282</u>
At 30 September 2016	<u>1,589,148</u>	<u>153,395</u>	<u>25,643</u>	<u>1,768,186</u>

14. Stocks

	2017 £	2016 £
Finished goods	<u>1,360,946</u>	<u>1,096,862</u>
	<u>1,360,946</u>	<u>1,096,862</u>

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

15. Debtors

	2017 £	2016 £
Trade debtors	1,696,868	1,819,349
Other debtors	7,076	8,854
Prepayments and accrued income	90,684	82,522
Financial instruments	-	255,185
	<u>1,794,628</u>	<u>2,165,910</u>

16. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,641,397	975,976
	<u>1,641,397</u>	<u>975,976</u>

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	53,764	51,052
Trade creditors	951,399	786,129
Corporation tax	195,811	118,423
Other taxation and social security	310,207	240,817
Other creditors	53,846	28,666
Accruals and deferred income	307,448	225,381
Financial instruments	344,982	302,294
	<u>2,217,457</u>	<u>1,752,762</u>

Interest is calculated on a Base Rate Basis: at a rate equal to the aggregate of the bank's margin and the base rate.

The mortgage is secured on the Company's freehold premises.

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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

	2017	2016
	£	£
Bank loans	865,233	921,710
	<u>865,233</u>	<u>921,710</u>

19. Loans

Analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year		
Bank loans	53,764	51,052
	<u>53,764</u>	<u>51,052</u>
Amounts falling due 2-5 years		
Bank loans	215,060	204,210
	<u>215,060</u>	<u>204,210</u>
Amounts falling due after more than 5 years		
Bank loans	650,173	717,500
	<u>918,997</u>	<u>972,762</u>

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

20. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,641,397	1,231,161
Financial assets that are debt instruments measured at amortised cost	1,703,944	1,828,203
	<u>3,345,341</u>	<u>3,059,364</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	(344,982)	(302,294)
Financial liabilities measured at amortised cost	(2,219,157)	(1,998,466)
	<u>(2,564,139)</u>	<u>(2,300,760)</u>

Financial assets measured at fair value through profit or loss comprise forward exchange contracts and cash.

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

Financial liabilities measured at amortised cost comprise bank overdraft and other loans, trade creditors, other creditors and accruals.

21. Deferred taxation

	2017 £
At beginning of year	(58,070)
Charged to profit or loss	(2,182)
At end of year	<u>(60,252)</u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(60,252)	(58,070)
	<u>(60,252)</u>	<u>(58,070)</u>

ALPHA LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

22. Share capital

	2017 £	2016 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
22,000 Ordinary shares of £1 each	22,000	22,000

23. 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 £85,380 (2016 - £85,899). Contributions totalling £9,202 (2016 - £8,048) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

At 30 September 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	93,654	95,386
Later than 1 year and not later than 5 years	109,469	154,644
	<u>203,123</u>	<u>250,030</u>

25. Related party transactions

There were no transactions that require to be reported under FRS102.

26. Controlling party

The company is controlled by the majority shareholder and director Mr D Giles.