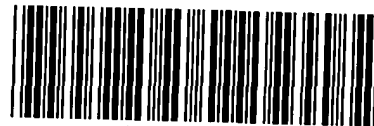


REGISTERED NUMBER 01899857 (England and Wales)

NSF Safety and Quality UK Limited
Annual report and consolidated financial statements
for the year ended 31 December 2017

FRIDAY



A7FF4SP5

A25

28/09/2018

#578

COMPANIES HOUSE

NSF Safety and Quality UK Limited

Contents

	Page
Strategic report	1
Directors' report	3
Directors' responsibilities statement	5
Independent auditor's report to the members of NSF Safety and Quality UK Limited	6
Consolidated statement of comprehensive income	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated cash flow statement	14
Notes to the financial statements	15

NSF Safety and Quality UK Limited

Strategic Report

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to NSF Safety and Quality UK Limited and its subsidiary undertakings when viewed as a whole.

Review of the business

The group's principal business comprises the auditing and inspection of customers' food production, processing and retailing activities. As such they will continue to be in demand as food processors and retailers continue to require assurance processes to be in place across their supply chains. Demand for the services provided by the Group remains strong in established markets and is growing in developing markets. The Group has an established client base, and by being part of the international NSF group, shares in the global drive to generate further business.

The Group is part of the global NSF International group, and has responsibilities for markets in the geographic areas of Europe, the Middle East, and Africa.

Increase in turnover for the year is £610,000, 2.37% up on the previous year. Cost of sales has increased by 6.50% which is significantly more than revenue growth, this increase was predominantly due to a considerable overspend in labour resourcing and several redundancies. The increase in cost of sales has been offset by a 5.22% decrease in administrative expenses, leaving an operating loss of £1,004,000, which shows a slight improvement on the prior year. Due to a change in accounting policy on revenue recognition (note 1o), the 2016 results were restated, resulting in overall performance increasing by £13,000.

Key performance indicators

The group has introduced a balanced scorecard of key performance indicators and goals have been set for every individual in the business. This will result in a clearer focus and a more measurable performance than has been seen historically.

The balanced scorecard contains four quadrants:

- Financial – focusing on revenue and increasingly profitability.
- Customers – ensuring we are tracking how well we are serving them.
- Colleagues – making NSF a great place to work to retain and attract talent.
- Operations – to ensure we are running efficiently and effectively.

The Group has been focusing on increasing revenue and profitability with turnover tracking 2.37% above the prior year and a significant uplift in revenue from our most important customers.

Levels of customer service have improved significantly in 2017, with only one of our top 50 customers being lost in 2017 and the securing of two new large customers into our top 50. A customer satisfaction survey was completed in 2017, the results of which we plan to act upon in 2018, as they have been integrated into the Group's objectives

Overall labour turnover decreased in 2017. Introduction of several initiatives in 2017 to make NSF an even better place to work has made good progress and further initiatives are being implemented to continue to drive labour turnover reduction in 2018, an example of which is the introduction of a team dedicated to connecting NSF employees, whilst increasing our support for charitable organisations.

Reviews of several aspects of our business were carried out in 2017. This has led to an accelerated plan for IT implementation in 2018 to drive effectiveness and efficiencies faster. The business will continue to have cost challenges whilst running the "old" ways of working and introducing the "new", but there is no doubt that effectiveness and efficiency will improve in 2018.

Principal risks and uncertainties

Financial risk management objectives and policies are outlined in the directors' report.

The demand for the group's services is underpinned by consumer concerns over food safety and by government legislation and initiatives in response to those concerns, and is thus unlikely to weaken, and our principal operations are in established markets where there is little likelihood of organic growth. The principal risks to the Group are therefore related to maintaining a competitive position in a static market, whilst introducing new services, broadening the customer base and focusing on services with sustainable margins.

NSF Safety and Quality UK Limited

Strategic Report

Future developments

The directors expect the general level of activity to increase in the future as a result of evolving customer requirements and an extension of our activity in the areas of smaller retail outlets and training.

The impact of the decision to leave the European Union cannot be estimated at the moment. The uncertainty in the value of sterling against both the Euro and the US Dollar is likely to have some current benefit for our trade outside the UK. Longer term impacts depend on the terms on which access to European markets is granted, and the extent to which trade will be affected by anti-UK sentiment in Europe.

The business has started 2018 with strong identifiable key performance indicators which are the drivers for the future, including new revenue opportunities, a more targeted approach to Growth, supported by improved use of technology, which is anticipated to result in the business differentiating itself from its competitors and improving overall results in the future.

In 2018, the Group is in the process of consolidating the Group structure whereby the trade and net assets of NSF Knight UK Limited (Knight) and Integra Food Secure Limited (Integra) have been consolidated into other Group companies and it is anticipated that NSF Certification UK Limited (Certification) will also be consolidated by the end of 2018.

There have been no other significant events since the balance sheet date.

Approved by the board and signed on its behalf by:



Lesley Chipper - Director

Date 31 May 2018
Hanborough Business Park
Long Hanborough
Oxford, OX29 8SJ

NSF Safety and Quality UK Limited

Directors' report

The directors present their annual report on the affairs of the Group, together with the consolidated financial statements and auditor's report, for the year ended 31 December 2017.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 1 and 2 and form part of this report by cross-reference.

Going concern

The directors have reviewed the consolidated net current liability position of £1,169,000 and have concluded that, in the context of the overall size of the group and its position within the wider NSF group, the net current liability position is not a cause for concern. The directors have acknowledged the latest FRC guidance on going concern during the current economic conditions. The group has prepared forecasts (including those of the company), taking into account reasonably possible changes, which have been reviewed by the directors, based on estimates and judgements about the economic environment in which the group operates. In addition the ultimate holding company, NSF International, has confirmed that it will provide sufficient working capital for the company to meet its liabilities for at least twelve months from the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The group does not undertake hedging or use financial instruments to manage financial risks.

Cash flow risk

Turnover denominated in foreign currencies amounted to £5,988,195 (2016: £5,181,731). This represents 22.72% of turnover and exchange rate movements are therefore a material source of uncertainty.

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The nature of foreign currency trading activities is such that it is more economic for the Group to carry the foreign exchange risks than to undertake hedging or derivative transactions to mitigate the risks. Risk is mitigated where possible by using foreign currency funds to settle liabilities in local currencies and in respect of foreign subsidiaries, debts and liabilities are offset to limit payments and foreign exchange exposure.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. Credit risk is mitigated by performing credit risk assessments, where risks are identified, advance payment or specific settlement terms are agreed.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The company maintains liquidity sufficient to ensure that sufficient funds are available for ongoing operations and future developments. The company also has access to a line of credit, shared with the global NSF group, of \$100,000,000. The company does not ordinarily make use of any form of debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Dividends

The Company did not pay a dividend during the year ended 31 December 2017 (2016: £nil). No final dividends are proposed.

NSF Safety and Quality UK Limited

Directors' report (continued)

Directors

The directors, who served throughout the year and to the date of signing these financial statements, except as noted, were as follows:

Kevan Lawlor
Lesley Chipper
Richard Rabbideau
Marilyn Katz Pek
Donna Garren
Michael Walsh
Robert Chester

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company. This is achieved through formal and informal meetings and regular video presentations by senior board members. We ran an organisational health engagement survey this year which has resulted in a number of working groups being formed globally to address the issues raised. Our employees also benefit from our Gainshare programme, where they have the potential to receive a percentage of their salary based on company profits.

Auditor

Each of the persons who are directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have been deemed re-appointed under section 487 of the 2006 Act.

Approved by the Board and signed on its behalf by:



Lesley Chipper -Director

Date 31 May 2018

Hanborough Business Park
Long Hanborough
Oxford, OX29 8SJ

NSF Safety and Quality UK Limited

Directors' responsibilities statement

Directors responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NSF Safety and Quality UK Limited

Independent auditor's report to the members of NSF Safety and Quality UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of NSF Safety and Quality Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 group and the parent 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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 group's or the parent 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.

We have nothing to report in respect of these matters.

NSF Safety and Quality UK Limited

Independent auditor's report to the members of NSF Safety and Quality UK Limited

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

NSF Safety and Quality UK Limited

Independent auditor's report to the members of NSF Safety and Quality UK Limited

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have nothing to report in respect of these matters.



Susan Barratt BA ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor

Reading, United Kingdom

Date: 31 May 2018

NSF Safety and Quality UK Limited

Consolidated statement of comprehensive income For the year ended 31 December 2017

	Note	2017 £000	2016 £000
			Restated Note 10
Turnover	3	26,356	25,746
Cost of sales		(18,056)	(16,954)
Gross profit		8,300	8,792
Administrative expenses		(9,304)	(9,816)
Operating loss		(1,004)	(1,024)
Share of results of associated undertakings		31	31
Finance (charge)/ income	4	(6)	7
Loss before taxation	5	(979)	(986)
Tax credit/(charge) on loss	8	197	(60)
Currency translation difference on foreign currency net investments		52	60
Loss for the financial year		(730)	(986)
Other comprehensive income		-	-
Total comprehensive loss		(730)	(986)

All results derive from continuing operations.

NSF Safety and Quality UK Limited

Consolidated balance sheet

At 31 December 2017

	Note	2017 £000	2016 £000 Restated Note 10
Fixed assets			
Intangible assets - goodwill	11	182	280
Tangible assets	12	1,543	1,390
Investments in associates	13	145	114
		<u>1,870</u>	<u>1,784</u>
Current assets			
Stocks	14	23	35
Debtors			
– due within one year	15	4,965	4,801
Cash at bank and in hand		<u>1,610</u>	<u>2,187</u>
Current assets		<u>6,598</u>	<u>7,023</u>
Creditors: Amounts falling due within one year	16	<u>(7,767)</u>	<u>(8,375)</u>
Net current liabilities		<u>(1,169)</u>	<u>(1,352)</u>
Total assets less current liabilities		<u>701</u>	<u>432</u>
Provisions for liabilities	17	-	(1)
Net assets		<u><u>701</u></u>	<u><u>431</u></u>
Capital and reserves			
Called-up share capital	19	1,161	161
Share premium account	19	1,555	1,555
Profit and loss account	19	<u>(2,015)</u>	<u>(1,285)</u>
Total shareholder's funds		<u><u>701</u></u>	<u><u>431</u></u>

The financial statements of NSF Safety and Quality UK Limited were approved by the board of directors and authorised for issue on 31 May 2018. They were signed on its behalf by:



Lesley Chipper
Director

NSF Safety and Quality UK Limited

Company balance sheet

At 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	12	871	664
Investments	13	2,005	1,005
		<u>2,876</u>	<u>1,669</u>
Current assets			
Stocks	14	22	32
Debtors			
– due within one year	15	3,255	3,732
Cash at bank and in hand		<u>1,206</u>	<u>1,633</u>
Current assets		<u>4,483</u>	<u>5,397</u>
Creditors: Amounts falling due within one year	16	<u>(6,846)</u>	<u>(5,122)</u>
Net current assets / (liabilities)		<u>(2,363)</u>	<u>(275)</u>
Total assets less current liabilities		<u>513</u>	<u>1,944</u>
Provisions for liabilities	17	-	(1)
Net assets		<u><u>513</u></u>	<u><u>1,943</u></u>
Capital and reserves			
Called-up share capital	19	1,161	161
Share premium account	19	1,555	1,555
Profit and loss account	19	<u>(2,203)</u>	<u>227</u>
Shareholder's funds		<u><u>513</u></u>	<u><u>1,943</u></u>

The loss for the financial year dealt with in the financial statements of the parent Company was £2,430,000 (2016: £1,419,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

The financial statements of NSF Safety and Quality UK Limited (registered number 01899857) were approved by the board of directors and authorised for issue on 31 May 2018. They were signed on its behalf by:

Lesley Chipper
Director

NSF Safety and Quality UK Limited

Consolidated statement of changes in equity

For the year ended 31 December 2017

		Called-up share capital	Share premium account	Profit and loss account	Total
		£000	£000	£000	£000
At 1 January 2016 as originally stated		161	1,555	992	2,708
Impact of accounting policy change	10	-	-	(1,291)	(1,291)
At 1 January 2016 as restated		161	1,555	(299)	1,417
Loss for the financial year as originally stated		-	-	(999)	(999)
Impact of accounting policy change	10	-	-	13	13
Total comprehensive loss for the year		-	-	(986)	(986)
Dividends paid on equity shares		-	-	-	-
At 31 December 2016		161	1,555	(1,285)	431
Loss for the financial year, being total comprehensive loss		-	-	(730)	(730)
Dividends paid on equity shares		-	-	-	-
Issued share capital	19	1,000	-	-	1,000
At 31 December 2017		1,161	1,555	(2,015)	701

NSF Safety and Quality UK Limited

Company statement of changes in equity

For the year ended 31 December 2017

	Called-up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 31 December 2015	161	1,555	1,646	3,362
Loss for the financial year, being total comprehensive loss	-	-	(1,419)	(1,419)
At 31 December 2016	161	1,555	227	1,943
Loss for the financial year, being total comprehensive loss	-	-	(2,430)	(2,430)
Issued share capital	19 1,000	-	-	1,000
At 31 December 2017	<u>1,161</u>	<u>1,555</u>	<u>(2,203)</u>	<u>513</u>

NSF Safety and Quality UK Limited

Consolidated cash flow statement

For the year ended 31 December 2017

	Note	2017 £000	2016 £000
Net cash flows (used in) / received from operating activities	20	(1,187)	397
Taxation paid		(48)	-
Cash flows from investing activities			
Purchase of equipment		(479)	(185)
Interest paid		(6)	-
Net cash used in investing activities		<u>(485)</u>	<u>(185)</u>
Cash flows from financing activities			
Increase in share capital		1,000	-
Effect of foreign exchange rate changes		91	(4)
Net cash flows from/(used in) financing activities		<u>1,091</u>	<u>(4)</u>
Net increase/(decrease) in cash and cash equivalents		(629)	208
Cash and cash equivalents at beginning of year		2,187	1,919
Effect of foreign exchange rate changes		52	60
Cash and cash equivalents at end of year		<u>1,610</u>	<u>2,187</u>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		<u>1,610</u>	<u>2,187</u>

NSF Safety and Quality UK Limited

Notes to the financial statements

For the year ended 31 December 2017

1. Accounting policies

The principal accounting policies are summarised below. Except in relation to the deferred revenue accounting policy change as set out in note 1o, they have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

NSF Safety and Quality UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The Company is registered in England. The address of the registered office is:

NSF Safety and Quality UK Limited
Hanborough Business Park
Long Hanborough Road
Oxford, OX298SJ
United Kingdom

The nature of the group's operations and its principal activities are set out in the strategic report on page 1.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. NSF Safety and Quality UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, related parties, financial instruments and remuneration of key management personnel.

The functional currency of NSF Safety and Quality UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control is passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

c. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The directors have acknowledged the latest FRC guidance on going concern during the current economic conditions. The group has prepared forecasts (including those of the company), taking into account reasonably possible changes, which have been reviewed by the directors, based on estimates and judgements about the economic environment in which the group operates. In addition the ultimate holding company, NSF International, has confirmed that it will provide sufficient working capital for the company to meet its liabilities for at least twelve months from the date of signing these financial statements.

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

1. Accounting policies (continued)

c. Going concern (continued)

Accordingly, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, and the directors continue to adopt the going concern basis in preparing the financial statements.

d. Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 3 to 10 years. Provision is made for any impairment.

e. Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. This period is between three and five years. Provision is made for any impairment.

f. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings - straight line over 5 to 40 years

Leasehold land and buildings - straight line over the period of the lease

Operational equipment - straight line over 1.5 to 5 years

Furniture and office equipment - straight line over 5 to 15 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

g. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(ii) Investments

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment.

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

1. Accounting policies (continued)

(iii). Associates

In the Group financial statements investments in associates are accounted for using the equity method. Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

In the Company financial statements investments in associates are accounted for at cost less impairment.

h. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the first in first out (FIFO) model.

i. Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. The investment and remaining goodwill in NSF Knight Limited was fully impaired in 2016.

j. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

k. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover is exclusively the supply of services and represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

1. Accounting policies (continued)

l. Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

m. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

n. Leases

The Group as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

o. Turnover: Change in accounting policy

The accounting policy in relation to revenue recognition for farms scheme memberships was changed with effect from 1 January 2017. All membership revenue is credited to deferred income in the balance sheet at the time of a member first joining or on subsequent renewal, and recognised as revenue when the associated audit takes place.

The previous policy was to recognise part of such revenue at the time of first joining or subsequent renewal, with the remainder being deferred until the associated audit took place.

The new policy is considered to reflect more accurately the performance of the Company's obligations, as the completion of the audit process is the fundamental reason for membership.

The impact of this change on the previously published financial statements is summarised in the following table:

	2017	2016
	£000	£000
Increase in turnover and operating profit for the year to 31 December	204	13
(Decrease)/Increase in debtors: deferred tax asset	-	304
Increase in creditors: amounts falling due within one year	1,378	1,582
Decrease profit and loss account reserves	(1,074)	(1,278)

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Income recognition

Work undertaken by the company wholly within an accounting period is recognised in the accounting period. Where work extends over more than one accounting period, or invoices are raised in advance of performance of the work, the final invoice value of the work is recognised in proportion to the extent that obligations to the customer are discharged.

Revenue recognition point for membership income

All membership revenue is credited to deferred income in the balance sheet at the time of a member first joining or on subsequent renewal, and recognised as revenue when the associated audit takes place as, in management's judgement this reflects more accurately the performance of the Company's obligations.

Key source of estimation uncertainty - impairment of Investment and goodwill and provisions against receivables

Determining whether Investments and goodwill are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £182,000. In 2017 no impairments of investments or goodwill occurred (2016: £1,434,000).

In 2017, the Company has provided for £2,516,000 for the intercompany loans receivable that will be written off upon completion of the Group restructure by the end of 2018 (note 25).

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group. No geographical analysis of turnover is presented as the directors are of the opinion that to do so would be seriously prejudicial to the interests of the group.

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

4. Finance income (net)

	2017 £000	2016 £000
Interest income	(1)	(7)
Interest expense	7	-
	<u>6</u>	<u>(7)</u>

Interest payable and similar charges

	2017 £000	2016 £000
Bank loans and overdrafts	-	-

5. Loss before taxation

Loss before taxation is stated after charging/(crediting):

	2017 £000	2016 £000
Depreciation of tangible fixed assets (note 12)	235	247
Amortisation of goodwill (note 11)	98	401
Goodwill write off (note 11)	-	531
Provision for intercompany receivables written off	2,516	-
Operating lease rentals	542	464
Foreign exchange (gain) / loss	33	(135)

Amortisation of intangible assets is included in administrative expenses.

The analysis of the auditor's remuneration is as follows:

	2017 £000	2016 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	38	37
Fees payable to the company's auditor and its associates for the audit of the company's subsidiaries	39	40
Total audit fees	<u>77</u>	<u>77</u>
Taxation compliance services	-	16
Total non-audit fees	<u>-</u>	<u>16</u>

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

6. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	Group 2017 Number	Group 2016 Number	Company 2017 Number	Company 2016 Number
Consultants and auditors	126	108	84	76
Management and administration	192	179	96	77
	318	287	179	153

Their aggregate remuneration comprised:

	£000	£000	£000	£000
Wages and salaries	11,357	10,451	6,938	6,140
Social security costs	1,073	1,005	733	653
Other pension costs (see note 22)	683	688	496	431
	13,113	12,144	8,167	7,224

7. Directors' remuneration and transactions and key management personnel

	2017 £000	2016 £000
Directors' remuneration		
Emoluments	310	585
Amounts receivable under long-term incentive schemes	-	114
Company contributions to money purchase pension schemes	59	54
	369	753

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	2	2

	2017 £000	2016 £000
Remuneration of the highest paid director:		
Emoluments	195	410
Company contributions to money purchase schemes	39	37

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

7. Directors' remuneration and transactions and key management personnel (continued)

Directors' advances, credits and guarantees

There were no transactions with directors during the year.

Key management personnel

There are no key management personnel for the Group other than the directors and accordingly no separate statement has been produced for key management personnel remuneration.

8. Tax on loss

The tax charge comprises:

	2017 £000	2016 £000
Current tax on loss		
UK corporation tax	-	-
Group relief receivable	(575)	-
Foreign tax	48	60
Adjustments in respect of prior years		
UK corporation tax	(1)	11
Total current tax	(528)	71
Deferred tax		
Origination and reversal of timing differences	310	(7)
Adjustments in respect of prior years	21	(4)
Total deferred tax	331	(11)
Total tax on loss	(197)	60

The standard rate of tax applied to profit is 19.25 percent (2016: 20 percent). In September 2016, it was substantively enacted that, as well as the planned reduction in Corporation tax to 19 percent from 1 April 2017, there would be a further reduction to 17 percent from 1 April 2020. This will reduce the Company's future tax charge accordingly. As the changes have been substantively enacted at the balance sheet date their effects are included in these financial statements. The applicable tax rate has changed following the substantive enactment of the Finance Act 2014.

There is no expiry date on timing differences, unused tax losses or tax credits.

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

8. Tax on loss (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2017 £000	2016 £000 Restated
Group (loss) before tax	<u>(979)</u>	<u>(986)</u>
Tax on Group (loss) at standard UK corporation tax rate of 19.25 percent (2016: 20 percent)	(188)	(197)
Effects of:		
- Expenses not deductible for tax purposes	17	197
- Deferred tax not recognised	(55)	(2)
- Group relief surrendered	575	42
- Payment for group relief	(575)	-
- Higher tax rates on overseas earnings	13	14
- Prior year adjustment	20	7
- Other	-	2
- Fixed asset differences	4	-
- Change in deferred tax average rate	(8)	-
- Impact of accounting policy change	-	(3)
Group total tax charge for period	<u>(197)</u>	<u>60</u>

9. Profit attributable to the Company

The loss for the financial year dealt with in the financial statements of the parent Company was £2,430,000 (2016: £1,419,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The loss attributable to the Company is the result of providing for intra-group receivables it believes it is unlikely to correct from three of its wholly owned subsidiaries, NSF Knight Limited (Knight), Integra Food Secure Limited and NSF Certification UK Limited.

10. Dividends on equity shares

	2017 £000	2016 £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2017 of nil (2016: £nil) per ordinary share	<u>-</u>	<u>-</u>

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

11. Intangible fixed assets

Group

Goodwill

	2017 £000	2016 £000
Cost		
At 1 January and 31 December	3,065	3,065
Amortisation		
At 1 January	2,785	1,853
Charge for the year	98	401
Write off for the year	-	531
At 31 December	2,883	2,785
Net book value		
At 31 December	182	280

12. Tangible fixed assets

Group	Land and buildings				Total £000
	Freehold	Short leasehold	Operational equipment	Furniture and office equipment	
	£000	£000	£000	£000	
Cost					
At 1 January 2017	1,358	387	2,174	176	4,095
Additions	-	9	410	60	479
Disposals	-	-	(42)	-	(42)
Exchange adjustment	-	-	3	1	4
At 31 December 2017	1,358	396	2,545	237	4,536
Depreciation					
At 1 January 2017	381	375	1,801	148	2,705
Charge for the year	34	5	180	16	235
Disposals	-	-	(42)	-	(42)
Exchange adjustment	-	4	61	30	5
At 31 December 2017	415	384	2,000	194	2,993
Net book value					
At 31 December 2017	943	12	544	43	1,543
At 31 December 2016	977	12	373	28	1,390

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

12. Tangible fixed assets (continued)

Company	Land and buildings				Total £000
	Freehold £000	Short leasehold £000	Operational equipment £000	Furniture and office equipment £000	
Cost					
At 1 January 2017	530	388	1,293	141	2,352
Additions	-	-	360	-	360
Disposals	-	-	(27)	-	(27)
At 31 December 2017	530	388	1,626	141	2,685
Depreciation					
At 1 January 2017	141	377	1,049	121	1,688
Charge for the year	14	4	128	7	153
Disposals	-	-	(27)	-	(27)
At 31 December 2017	155	381	1,150	128	1,814
Net book value					
At 31 December 2017	375	7	476	12	871
At 31 December 2016	389	11	244	20	664

13. Fixed asset investments

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Subsidiary undertakings	-	-	2,001	1,001
Associates	145	114	4	4
Total	145	114	2,005	1,005

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

13. Fixed asset investments (continued)

Principal Group investments

The parent Company and the Group have investments in the following subsidiary undertakings, associates and other significant investments.

	Country of incorporation	Principal activity	Holding	%
Subsidiary undertakings				
NSF Certification UK Limited*	United Kingdom	Agricultural certification	Ordinary shares	100%
NSF Agriculture UK Limited*	United Kingdom	Agricultural certification	Ordinary shares	100%
NSF Knight Limited*	United Kingdom	Processing certification	Ordinary shares	100%
Integra Food Secure Limited	United Kingdom	Agricultural certification	Ordinary shares	100%
NSF Health and Safety Spain SA*	Spain	Agricultural certification	Ordinary shares	100%
NSF Africa (Pty.) Limited+	South Africa	Agricultural certification	Ordinary shares	100%
Checkmate International Consulting Limited*	United Kingdom		Ordinary shares	100%
		Dormant		
Food Hygiene Bureau Limited*	United Kingdom	Dormant	Ordinary shares	100%
Associates				
NSF Italy SRL*	Italy	Agricultural certification	Ordinary shares	50%
CMI (Issue Prediction) Limited*	United Kingdom	Software licensing	Ordinary shares	50%

* Held directly by NSF Safety and Quality UK Limited.

Investees registered addresses:

Subsidiary undertakings	Registered address
NSF Certification UK Limited*	Hanborough Business Park, Long Hanborough, Oxford, OX29 8SJ
NSF Agriculture UK Limited*	Hanborough Business Park, Long Hanborough, Oxford, OX29 8SJ
NSF Knight Limited*	Hanborough Business Park, Long Hanborough, Oxford, OX29 8SJ
CMS UK Food Limited	Hanborough Business Park, Long Hanborough, Oxford, OX29 8SJ
Integra Food Secure Limited	Hanborough Business Park, Long Hanborough, Oxford, OX29 8SJ
NSF Health and Safety Spain SA*	Avda. Carlos III, 31 40721 El Parador – Almeria, Spain
NSF Africa (Pty.) Limited+	Stargrow Building, 21 Elektron Avenue, Technopark, Stellenbosch, 7600, South Africa
Checkmate International Consulting Limited*	Hanborough Business Park, Long Hanborough, Oxford, OX29 8SJ
Food Hygiene Bureau Limited*	Hanborough Business Park, Long Hanborough, Oxford, OX29 8SJ
Associates	
NSF Italy SRL*	Cesare Boldrini 24-40121 Bologna
CMI (Issue Prediction) Limited*	Hanborough Business Park, Long Hanborough, Oxford, OX29 8SJ

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

13. Fixed asset investments (continued)

Subsidiary undertakings

	£000
Cost	
At 1 January 2017	2,435
Additions	1,000
	<hr/>
At 31 December 2017	3,435
	<hr/>
Provisions for impairment	
At 1 January 2017 and 31 December 2017	(1,434)
	<hr/>
Carrying value - Company	2,001
	<hr/>

All subsidiary undertakings have been included in the consolidation. Safety and Quality UK Limited increased their investment in NSF Agriculture UK Limited. 1,000,000 ordinary shares were acquired with a nominal value of £1 per ordinary share.

Associates

	Group £000	Company £000
Carrying value		
At 1 January 2017	114	4
Share of retained profit for the year	31	-
	<hr/>	<hr/>
At 31 December 2017	145	4
	<hr/>	<hr/>

No provisions for impairment have been made against the carrying value of investments in associates.

14. Stocks

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Finished goods and goods for resale	23	35	22	32
	<hr/>	<hr/>	<hr/>	<hr/>
	23	35	22	32
	<hr/>	<hr/>	<hr/>	<hr/>

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

15. Debtors

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
		Restated		
Amounts falling due within one year:				
Trade debtors	3,782	3,775	2,200	2,328
Amounts owed by parent	54	21	54	21
Amounts owed by subsidiaries	-	-	490	828
Amounts owed by associate	577	131	27	82
Other debtors	172	40	141	17
Prepayments and accrued income	368	307	343	272
Corporation tax	-	184	-	184
Deferred taxation asset	12	343	-	-
	<u>4,965</u>	<u>4,801</u>	<u>3,255</u>	<u>3,732</u>

All amounts owed by related parties relate to either trading on normal terms or to group relief.

Deferred taxation asset - Group

	2017	2016
	£000	£000
		Restated
Deferred tax asset at 1 January	343	334
Less charged to profit and loss in the year	(331)	9
Deferred tax asset at 31 December	<u>12</u>	<u>343</u>

Some deferred tax assets are unrecognised because of uncertainty about future profits in the subsidiaries in subsidiaries owning the assets. This amounts to £138,000 (2016: £129,000).

The net deferred taxation asset is made up as follows:

	2017	2016
	£000	£000
Excess of deferred taxation allowances over depreciation on fixed assets	8	12
Other timing differences	4	331
Deferred tax asset at 31 December	<u>12</u>	<u>343</u>

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

15. Debtors (continued)

Deferred taxation asset - company

	2017 £000	2016 £000
Deferred tax asset at 1 January	-	-
Less charged to profit and loss in the year	-	-
Deferred tax asset at 31 December	-	-

16. Creditors – amounts falling due within one year

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
		Restated		
Trade creditors	1,220	1,716	596	757
Amounts owed to subsidiaries	-	-	4,116	2,454
Amounts owed to associates	426	469	463	493
Corporation tax	70	150	-	-
Other taxation and social security	372	471	259	239
VAT	434	257	414	257
Accruals and deferred income	5,181	5,248	952	882
Defined contribution pension scheme accrual	64	64	46	40
	<u>7,767</u>	<u>8,375</u>	<u>6,846</u>	<u>5,122</u>

All amounts owed to related parties relate to trading on normal terms.

17. Provision for liabilities

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Other	-	1	-	1
	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

18. Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group	
	2017	2016
	£000	£000
		Restated
Financial assets		
Measured at undiscounted amount receivable		
• Trade and other debtors (see note 15)	4,334	4,649
• Amounts due from associates and other group undertakings (see note 15)	631	152
Measured at cost plus share of accumulated profits		
• Investment in associates (see note 13)	145	114
	<u>5,110</u>	<u>4,915</u>
Financial liabilities		
Measured at undiscounted amount payable		
• Trade and other creditors (see note 16)	7,341	7,906
• Amounts owed to associates and other group undertakings (see note 16)	426	469
	<u>7,767</u>	<u>8,375</u>
	Company	
	2017	2016
	£000	£000
Financial assets		
Measured at undiscounted amount receivable		
• Trade and other debtors (see note 15)	2,684	2,801
• Amounts due from associates and other group undertakings (see note 15)	571	931
Measured at cost		
• Investment in associates (see note 13)	4	4
	<u>3,259</u>	<u>3,736</u>
Financial liabilities		
Measured at undiscounted amount payable		
• Trade and other creditors (see note 16)	2,267	2,175
• Amounts owed to associates and other group undertakings (see note 16)	4,579	2,947
	<u>6,846</u>	<u>5,122</u>

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

19. Called-up share capital and reserves

	2017 £000	2016 £000
Allotted, called-up and fully-paid 11,614,610 ordinary shares of 10p each (2016: 1,614,610 ordinary shares of 10p each)	1,161	161

The Company has one class of ordinary shares which carry no right to fixed income. 10,000,000 ordinary shares were issued on 20 December 2017 for a nominal value of £0.10 per ordinary share, £1,000,000 consideration was received in exchange.

The group and company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares.

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

20. Cash flow statement

Reconciliation of operating profit to cash flows from operations:

	2017 £000	2016 £000 Restated
Operating (loss)	(1,004)	(1,024)
Adjustment for:		
Depreciation and amortisation	333	1,179
Operating cash flow before movement in working capital	(671)	155
Decrease/(Increase) in stocks	12	(2)
Increase in debtors	(52)	(60)
(Decrease)/Increase in creditors	(475)	328
Decrease in provisions	(1)	-
Taxation	-	(31)
Finance charges	-	7
Net cash flows from operations	(1,187)	397

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

21. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017		2016	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Group				
- within one year	139	380	158	384
- between one and five years	168	409	255	636
- after five years	17	7	56	-
	<u>324</u>	<u>796</u>	<u>469</u>	<u>1,020</u>
Company				
- within one year	129	351	144	355
- between one and five years	166	385	255	563
- after five years	17	-	56	-
	<u>312</u>	<u>736</u>	<u>455</u>	<u>918</u>

22. Employee benefits

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 31 December 2017 was £683,000 (2016: £688,000).

23. Contingent liabilities

The company is party to a group VAT registration and is therefore jointly and severally liable for the total amounts due to HM Revenue and Customs by all group companies included within that registration. At 31 December 2017 £543,000 was due (2016: £299,000) and payable by NSF Safety and Quality UK Limited.

Audit exemption

NSF Safety and Quality UK Limited has given statutory guarantees against all the outstanding liabilities of the below listed wholly-owned subsidiaries, all registered in England and Wales, at 31 December 2017 under Section 479A of the Companies Act 2006, thereby allowing these subsidiaries to be exempt from the annual audit requirement for the year ended 31 December 2017.

Although the company does not anticipate the guarantees to be called upon, the book values of the guaranteed liabilities, excluding intercompany balances, for each relevant subsidiary at 31 December 2017 are set out below:

	2017 £000	2016 £000
NSF Knight Limited (Registered number 03743515)	48	353
Integra Food Secure Limited (Registered number 03716746)	63	57
	<u>111</u>	<u>410</u>

NSF Safety and Quality UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

24. Related party transactions

Directors' transactions

There were no transactions with directors other than the remuneration disclosed in note 7.

Other related party transactions

The group and company are taking advantage of the exemption available under section 33.1a of FRS102 not to disclose related party transactions with other members of the NSF International UK Limited group.

25. Subsequent events

In 2018, the Group has consolidated the Group structure whereby the trade and assets of NSF Knight UK Limited (Knight) and Integra Food Secure Limited (Integra) have been consolidated into other Group companies. It is anticipated that NSF Certification UK Limited (Certification) will also be consolidated by the end of 2018.

26. Controlling party

The immediate parent of NSF Safety and Quality UK Limited is NSF International UK Limited, a company registered in England and Wales.

The smallest group for which consolidated financial statements are published is headed by NSF Safety and Quality UK limited, the accounts of which are filed at Companies House. The registered address is:

Hanborough Business Park
Long Hanborough
Oxford
Oxfordshire
OX29 8SJ

The company has taken advantage of the exemption in FRS 102, Section 33.1a from disclosing transactions with wholly owned subsidiaries.

The ultimate controlling party and ultimate parent company, and the largest group of companies for which consolidated financial statements are available, is NSF International, a not for profit corporation chartered under the laws of the state of Michigan, USA. The registered address is:

NSF International,
789 North Dixboro Road
Ann Arbor
MI 48105
USA