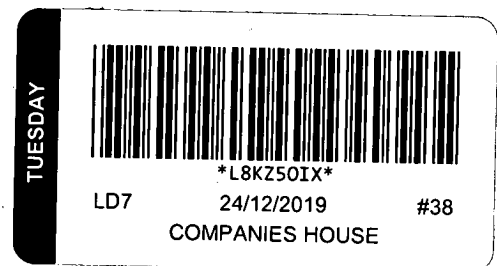


ALS Laboratories (UK) Limited

Annual report and financial statements

31 March 2019

Registered number 02391955



000000
000000
000000
000000
000000

Contents

Strategic Report	1
Director's report	3
Statement of director's responsibilities in respect of the annual report and the financial statements	4
Independent auditor's report to the members of ALS Laboratories (UK) Limited	5
Profit and Loss Account and Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes	11

Strategic Report

Principal activities of the business

The company is a subsidiary of ALS Limited, a company incorporated in Australia and listed on the Australian Stock Exchange. ALS Limited is a Global leader in the Testing, Inspection and Certification market.

The principal activity of the company continued to be that of the provision of scientific, analytical and consultancy services to the human food and drink, pet food, agricultural, water, environmental and pharmaceutical industries.

Business model

The company operates a hub and spoke model, with a network of laboratories across the UK to provide clients with local access to time critical analysis. The network of regional laboratories feed the specialist food chemistry testing into the hub laboratory at Chatteris and pharmaceutical analysis into the hub laboratory at Ely.

The company utilises a common Laboratory Information Management system which links to an on-line portal, providing customers with access to the latest analytical data including trending and reporting functions.

The company continues to invest in the latest technology, increasing automation and systemising processes to manage labour costs.

Results and dividends

The profit and loss account for the financial year is set out on page 7. The director considers the year end position to be satisfactory.

No dividend was paid or proposed during the year (2018: £nil).

Future developments

The director anticipates that the business will consolidate and optimise in 2020 but opportunities still exist to expand its customer base and turnover. Alongside continued tight control of costs and KPI monitoring, this will result in improving profitability in the coming year.

Key performance indicators

	2019	2018
Gross margin (as a percentage of sales)	45.18%	47.9%
Overheads* (as a percentage of sales)	37.11%	34.7%
Operating margin* (as a percentage of sales)	8.06%	13.2%

The full year of the transferred activities impacted the overall financial performance with a higher proportion of less favourable lower margin analysis. Significant one-off re-organisation costs occurred during the year to consolidate the business, which included the closure of a site and transfer to other ALS locations. Costs arose and investments were made into expansion of capacity to handle the transferred work. Gross margin decreased as a result of the mix of analysis while salary and consumable costs continued to increase. Overheads increased as a percentage of sales with the full year effect of the transferred activities. The transfers and one-off reorganisation costs decreased the Operating margin.

The company maintains a Balanced Scorecard of Key Performance Indicators across the business, which includes Financial, Operations & Process, Customer Relations and Human Resources metrics.

Brexit could have some impacts on the business, as client's new development plans and product release controls are adapted. In addition there could be impacts to samples sent into the UK laboratories from other ALS locations. However, the majority of the revenue is generated in the UK therefore the impact will be limited. Suppliers continue to be reviewed regularly to ensure appropriate measures are in place to reduce any risk to supply chains.

Strategic Report (continued)

Principal risks and uncertainties

The Board is constantly reviewing the risks faced by the company and has appropriate strategies in place for managing identified risks. Key risks and uncertainties that the company faces include, but are not limited to, reputational risk (the failure to meet clients' expectations), Brexit impact on testing demands and costs, the loss of a major facility, business continuity risk, market pressures from competitors, and the risk of failing to comply with regulatory standards including accreditation, the environment, or health and safety.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effect of credit risk, liquidity and interest rate risk.

Credit risk

The company performs credit checks on new customers, and monitors credit for existing accounts. In addition it has a dedicated credit control function and operates almost exclusively in the UK and Republic of Ireland.

Liquidity and interest rate risk

The company finances its operations through operating cash flow and intercompany debt. The company does not have any external borrowings.

The financial statements have been prepared on a going concern basis because, after making due enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Employment policy

It is the policy of the company to encourage and develop every member of staff to realise their maximum potential. Wherever possible, vacancies are filled from within the company and adequate opportunities for internal promotion are created. The company is committed to a systematic training policy.


The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved through consultations with employees, presentations to all employees and the group's intranet.

Disabled persons

It is the policy of the company, where possible, to give sympathetic consideration to disabled persons in their applications for employment or promotion within the company and to protect the interests of existing members of staff who are disabled.

Approved by the board on

20th December 2019 and signed by its order by:



M Masters
Director

Sands Mill,
Huddersfield Road,
Mirfield,
West Yorkshire,
WF14 9DQ

Director's Report

The director presents his annual report and the audited financial statements for the year ended 31 March 2019.

Dividends

The profit and loss account for the financial year is set out on page 7. The director considers the year end position to be satisfactory.

No dividend was paid or proposed during the year (2018: £nil).

Directors

The directors who held office during the year were as follows:

M Masters

Employees

It is the policy of the Company to offer equal opportunities to disabled persons and to employees who become disabled whilst in the Company's employment, in their recruitment, training and career development having due regard to their aptitudes and abilities in relation to the jobs available.

Political contributions

The Company made no political donations nor incurred any political expenditure during the year.

Disclosure of information to auditor

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

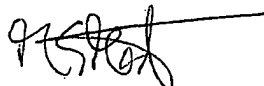
Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will not be deemed to be reappointed and KPMG LLP will therefore not continue in office. Ernst & Young LLP will be appointed auditors.

By order of the board



M Masters
Director

Date: 20th December 2019

Sands Mill,
Huddersfield Road,
Mirfield,
West Yorkshire,
WF14 9DQ

STATEMENT OF DIRECTOR RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
8 Princes Parade
Liverpool
L3 1QH
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALS LABORATORIES (UK) LIMITED.

Opinion

We have audited the financial statements of ALS Laboratories (UK) Limited ("the company") for the year ended 31 March 2019 which comprise the Profit account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Brexit other matter paragraph

The impact of uncertainties due to the UK exiting the European Union on our audit. Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALS LABORATORIES (UK) LIMITED (continued)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALS LABORATORIES (UK) LIMITED (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.



Hywel Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

Date 20 December 2019

Profit and Loss Account and Other Comprehensive Income
For the year ended 31 March 2019

	Note	2019 £000	2018 £000
Turnover	2	43,830	36,253
Cost of sales		(24,027)	(18,898)
Gross profit		19,803	17,355
Administrative expenses		(16,269)	(12,583)
Operating profit	3	3,534	4,772
Other interest receivable and similar income	6	-	50
Profit before taxation		3,534	4,822
Tax on profit	7	560	(1,221)
Profit for the financial year		4,094	3,601

All of the results above arise from continuing operations.

The company has no recognised gains or losses for the years ending 31 March 2019 or 31 March 2018 other than the profit and loss for that year. Accordingly, a separate statement of other comprehensive income has not been presented.

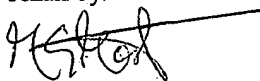
The accompanying notes form an integral part of these financial statements.

Balance Sheet
at 31 March 2019

	Note	2019 £000	2018 £000
Fixed assets			
Goodwill	8	185	207
Tangible assets	9	14,412	14,055
		<u>14,597</u>	<u>14,262</u>
Current assets			
Stock		42	35
Debtors (including £nil (2018: £nil) due after more than one year)	11	15,106	13,442
Cash at bank and in hand		1,922	3,506
		<u>17,070</u>	<u>16,983</u>
Creditors: amounts falling due within one year	12	<u>(6,019)</u>	<u>(9,691)</u>
Net current assets		<u>11,051</u>	<u>7,292</u>
Total assets less current liabilities		<u>25,648</u>	<u>21,554</u>
Provisions for liabilities			
Other provisions	14	(122)	(122)
Net assets		<u>25,526</u>	<u>21,432</u>
Capital and reserves			
Called up share capital	16	250	250
Share premium account		7,343	7,343
Other reserves		4,608	4,608
Profit and loss account		13,325	9,231
Shareholders' funds		<u>25,526</u>	<u>21,432</u>

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the board of directors on 20th December 2019 and were signed on its behalf by:


M Masters
Director

Company registered number: 02391955

Statement of Changes in Equity

	Called up Share capital	Share Premium account	Other Reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 April 2017	250	7,343	4,608	5,630	17,831
Total comprehensive income for the period					
Profit	-	-	-	3,601	3,601
Total comprehensive income for the period	-	-	-	3,601	3,601
Balance at 31 March 2018	250	7,343	4,608	9,231	21,432
Balance at 1 April 2018	250	7,343	4,608	9,231	21,432
Total comprehensive income for the period					
Profit	-	-	-	4,094	4,094
Total comprehensive income for the period	-	-	-	4,094	4,094
Balance at 31 March 2019	250	7,343	4,608	13,325	25,526

The accompanying notes form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

ALS Laboratories (UK) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, ALS Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of ALS Limited are available to the public and may be obtained from the address in note 20. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1.3 *Going concern*

The financial statements have been prepared on a going concern basis because, after making due enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

1.4 *Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 *Basic financial instruments*

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings 40 years
- Leasehold buildings over the term of the lease
- Plant and equipment 3 to 10 years
- Fixtures and fittings 3 to 10 years
- Motor Vehicles 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes (continued)

1 Accounting policies (continued)

1.7 Intangible assets and goodwill (continued)

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.8 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Notes (continued)

1 Accounting policies (continued)

1.8 Impairment excluding stocks and deferred tax assets (continued)

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.11 Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts. Turnover is recognised on completion of the service. All turnover is derived in the UK.

1.12 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Turnover

	2019 £000	2018 £000
Rendering of services	43,830	36,253
Total turnover	<u>43,830</u>	<u>36,253</u>

By geographical market

	2019 £000	2018 £000
UK and Europe	43,830	36,253
Total turnover	<u>43,830</u>	<u>36,253</u>

Notes (continued)

3 Expenses and auditor's remuneration

Included in profits are the following:

	2019 £000	2018 £000
Impairment of goodwill (note 8)	-	-
Write off of amounts due to fellow group undertakings	-	-
Write off of amounts due from fellow group undertakings	-	-
	<u>-</u>	<u>-</u>

During the period dormant fellow subsidiary undertakings were liquidated resulting in the write off of intercompany net loan receivable receivables amounting to £nil (2018: income of £nil).

Auditor's remuneration:

	2019 £000	2018 £000
Audit of these financial statements	47	44
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	1	1
Restructuring/dissolving dormant group companies	24	-
	<u>71</u>	<u>45</u>

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	2019	2018
Operational	729	555
Administrative	161	125
	<u>890</u>	<u>680</u>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	17,591	13,122
Social security costs	1,386	1,037
Contributions to defined contribution plans	624	475
	<u>19,601</u>	<u>14,634</u>

5 Directors' remuneration

	2019	2018
	£000	£000
Directors' remuneration	229	179
Company contributions to money purchase pension plans	16	15
	<u>245</u>	<u>194</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £229,000 (2018: £179,000), and company pension contributions of £16,000 (2018: £15,000) were made to a money purchase scheme on his behalf.

	Number of directors	
	2019	2018
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	<u>1</u>	<u>1</u>

Notes (continued)

6 Other interest receivable and similar income

	2019 £000	2018 £000
Net foreign exchange gain	-	50
Total interest receivable and similar income	-	50

Interest receivable and similar income includes income from group undertakings of £nil (2018: £nil).

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2019 £000	£000	2018 £000	£000
<i>Current tax</i>				
Current tax on income for the period	197		951	
Adjustments in respect of prior periods	(839)		115	
Total current tax		(642)		1,066
<i>Deferred tax (see note 13)</i>				
Origination and reversal of timing differences	78		193	
Adjustment in respect of prior periods	4		(37)	
Total deferred tax		82		155
Total tax		(560)		1,221

	£000	2019 £000	£000	£000	2018 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	(642)	82	(560)	1,066	155	1,221
Total tax	(642)	82	(560)	1,066	155	1,221

Analysis of current tax recognised in profit and loss

	2019 £000	2018 £000
UK corporation tax	(560)	1,221
Total current tax recognised in profit and loss	(560)	1,221

Notes (continued)

7 Taxation (continued)

Reconciliation of effective tax rate

	2019 £000	2018 £000
Profit for the year	4,094	3,601
Total tax expense	(560)	1,221
	<hr/>	<hr/>
Profit excluding taxation	3,534	4,822
Tax using the UK corporation tax rate of 19% (2018: 19%)	671	916
Difference between depreciation and capital allowances for year	181	185
Non-deductible expenses	7	2
Adjustments to brought forward values	-	-
Other tax adjustments, reliefs and transfers	-	63
Group relief claimed	(575)	-
Adjustments in respect of previous periods	(835)	78
Reduction in tax rate on deferred tax balances	(9)	(23)
	<hr/>	<hr/>
Total tax included in profit or loss	(560)	1,221

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax position at 31 March 2019 has been calculated based on these rates.

8 Intangible assets and goodwill

	Goodwill £000	Total £000
Cost		
Balance at 1 April 2018	5,275	5,275
Goodwill arising in the period	-	-
	<hr/>	<hr/>
Balance at 31 st March 2019	5,275	5,275
	<hr/>	<hr/>
Amortisation and impairment		
Balance at 1 April 2018	5,068	5,068
Amortisation for the year	22	22
Impairment for the year	-	-
	<hr/>	<hr/>
Balance at 31 March 2019	5,090	5,090
	<hr/>	<hr/>
Net book value		
At 1 April 2018	207	207
	<hr/>	<hr/>
At 31 March 2019	185	185
	<hr/>	<hr/>

Notes (continued)

8 Intangible assets and goodwill (continued)

Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

	2019 £000	2018 £000
Administrative expenses		
Charge for period	22	5
	<u>22</u>	<u>5</u>

9 Tangible fixed assets

	Land and buildings £000	Plant, Machinery, Fixtures and Fittings £000	Motor Vehicles £000	Total £000
Cost				
Balance at 1 April 2018	9,812	18,123	1,339	29,274
Additions	36	1,692	397	2,125
Projects in progress	271	301	-	572
Disposals	-	(212)	(224)	(436)
Impairment	-	(10)	-	(10)
Balance at 31 March 2019	<u>10,119</u>	<u>19,894</u>	<u>1,512</u>	<u>31,525</u>
Depreciation and impairment				
Balance at 1 April 2018	2,531	12,110	578	15,219
Depreciation charge for the year	352	1,429	436	2,217
Projects in progress	-	-	-	-
Disposals	-	(104)	(216)	(320)
Impairment	-	(3)	-	(3)
Balance at 31 March 2019	<u>2,883</u>	<u>13,432</u>	<u>798</u>	<u>17,113</u>
Net book value				
At 1 April 2018	<u>7,281</u>	<u>6,013</u>	<u>761</u>	<u>14,055</u>
At 31 March 2019	<u>7,236</u>	<u>6,462</u>	<u>714</u>	<u>14,412</u>

Notes (continued)

9 Tangible fixed assets (continued)

Leased plant and machinery

At year end the net carrying amount of assets leased under a finance lease was £nil (2018: £nil).

Land and Buildings

The net book value of land and buildings comprises:

	2019 £000	2018 £000
Freehold	6,318	6,875
Short leasehold	918	408
	<u>7,236</u>	<u>7,283</u>

At year end the value of assets under construction was £nil (2018: £nil).

10 Fixed asset investments

The Company has no investments in subsidiaries and jointly controlled entities:

Notes (continued)

11 Debtors

	2019 £000	2018 £000
Trade debtors	8,790	9,064
Amounts owed by group undertakings	4,655	2,547
Other debtors		97
Deferred tax assets (see note 13)	23	105
Prepayments and accrued income	1,638	1,629
	<u>15,106</u>	<u>13,442</u>
Due within one year	<u>15,106</u>	<u>13,442</u>
	<u>15,106</u>	<u>13,442</u>

12 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	3,257	2,990
Amounts owed to group undertakings	661	3,363
Taxation and social security	1,408	2,386
Other creditors	6	56
Accruals and deferred income	687	896
	<u>6,019</u>	<u>9,691</u>

13 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 £000	2018 £000	Liabilities 2019 £000	2018 £000	Net 2019 £000	2018 £000
Accelerated capital allowances	-	68	(16)	-	(16)	68
Other	39	37	-	-	39	37
Net tax assets	<u>39</u>	<u>105</u>	<u>(16)</u>	<u>-</u>	<u>23</u>	<u>105</u>

Notes (continued)

14 Provisions

	Dilapidations Provision £000
Balance at 1 April 2018	122
Provisions used during the year	-
Balance at 31 March 2019	122

The dilapidations provision relates to the company's leased properties, and represents management's best estimate of the costs to be incurred in returning these properties to their original condition at the end of the lease period. These leases expire over the next ten years. The provision has not been discounted as the impact of the time value of money is not material to the financial statements.

15 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £623,854 (2018: £475,000).

16 Capital and reserves

Share capital

	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i>		
250,000 ordinary shares of £1 each	250	250

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019 £000	2018 £000
Less than one year	624	586
Between one and five years	1,132	1,454
More than five years	487	644
	2,243	2,684

During the year £434,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £419,000).

Notes *(continued)*

18 Commitments

Capital commitments

The Company contractual commitments to purchase tangible fixed assets at the year-end were £571,811 (2018: £nil). These commitments related to property refurbishments and ongoing ALSolutions software development.

19 Ultimate parent company and parent company of larger group

The ultimate parent company and controlling party is ALS Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by ALS Limited, incorporated in Australia. No other group financial statements include the results of the Company. The consolidated financial statements of ALS Limited are available to the public and can be accessed from the company's website at www.alsglobal.com.