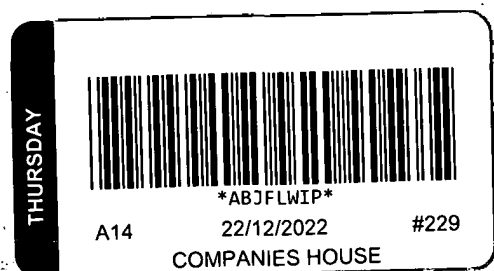


# **ALS Laboratories (UK) Limited**

## **Annual report and financial statements**

**31 March 2022**

**Registered number 02391955**



## **Contents**

Strategic report	1
Director's report	5
Statement of director's responsibilities in respect of the annual report and the financial statements	9
Section 172(1) Statement & Stakeholder Engagement	10
Independent auditor's report to the members of ALS Laboratories (UK) Limited	12
Profit and Loss Account and Other Comprehensive Income	15
Balance Sheet	16
Statement of Changes in Equity	17
Notes	18

## Strategic Report

The directors present their Strategic Report on ALS Laboratories Limited (UK) Ltd (the “Company”) for the year ending 31<sup>st</sup> March 2022.

### Principal activities

ALS Laboratories (UK) Ltd is a private incorporated in England and Wales and 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 company’s registered office is at Torrington Avenue, Coventry, CV4 9GU. It is registered in England and Wales under company registration number 02391955 and domiciled in the United Kingdom.

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 whereby several smaller microbiology labs (“spoke”) receive samples which can be transported to the larger “hub” labs. The model offers a network of laboratories across the UK providing 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.

As of the 1st October 2022 the assets and trade of ALS Life Sciences and ALS Environmental Limited were transferred to ALS Laboratories (UK) Limited. Management expects this consolidation of group entities to improve the overall efficiency of the operations in the UK. It also expects this to have no effect on the service it provides its customers and will work closely with them in order to secure this. The new single entity structure will provide greater opportunities within the industry, gain greater efficiencies in the service levels and customer experience offered leading to greater market presence and growth opportunities.

### Business review and key performance indicators

There has been no significant change in activities during the year.

ALS Laboratories (UK) Limited continues to build on its analytical testing capabilities providing a high-quality service expected and required from both customers and regulators. Turnover rose by 8.1% to £40.5m predominantly due to the relaxing of Covid-19 control measures in 2021 and the reopening of the UK Food Manufacturing market and hospitality.

There continues to be a number of significant opportunities within the food and pharmaceutical business and the directors are optimistic that from ALS Laboratories (UK) Limited’s strong market position and competitive pricing it will be able to secure new contracts to further strengthen the financial position and business profitability in the coming year.

The business was impacted in the prior year from the pandemic; however, the current year’s performance demonstrated the resilience of the business and its ability to deliver a strong performance despite various economic impacts. Whilst cost of sales and administrative costs rose by 3.9% and 11.3% respectively, the business continues to focus heavily on cost management whilst improving service offering, efficiencies and the overall customer experience, all helping deliver profit before tax of £1,330,000 (2021: £2,224,000) equating to a 40.2% decrease from 2021, this fall was due to Furlough/Covid funding.

	2022	2021
Gross margin (as a percentage of sales)	45.2%	43.0%
Administrative expenses (as a percentage of sales)	42.0%	40.8%
Operating margin (as a percentage of sales)	3.3%	5.9%

## Strategic Report (continued)

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

### Section 172(1) Statement

The Company's Section 172 (1) Statement is on page 10 to 11

### Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the Company's future operating profits or financial position.

The management team constantly review potential risks faced by the company and have appropriate strategies in place for managing these risks as outlined below. Key risks and uncertainties that the company face include, but are not limited to, reputational risk (the failure to meet clients' expectations), external factors (e.g. Covid-19 and the recent conflicts in Ukraine), impact on testing demands and costs, the loss of a major facility, business continuity risk, market pressures from competitors, inflation, and the risk of failing to comply with regulatory standards including accreditation, the environment and health and safety.

Whilst Covid-19 continues to be a risk to the business in regards staff, operations, suppliers and customers, the relaxing of control measures seen in 2021 has helped the business regain momentum, increase analytical testing, build a stronger customer base and regain greater confidence in the supply chain. Moving forward the business will face new challenges such as high inflation, staff retention due to a buoyant employment market, and impacts of supply due to the conflict in Ukraine all of which are actively managed and monitored.

#### • External risk factors (Inflation & Conflict in Ukraine)

We expect that the most significant potential impact on our financial results and cashflows will be from high inflation linked to consumable costs, rising fuel costs and the challenges of staff retention due to rising salary demands and associated taxes (health and social levy introduced in April 2022).

Whilst the business supply chain is not currently being adversely affected by the conflict in Ukraine, there continues to be uncertainty due to the unknown future developments.

#### Potential Impacts to the business strategy and operating model

- Reduced opportunities linked to increased customer closures and lower demand from customers due to higher pricing.
- Disruption and increased pricing in our supply chain resulting in reduced profitability and the in-ability to deliver services to customers.
- Increase in bad debt as a result of some of our customers experiencing financial difficulties.
- Shortage in staff resources due to heightened staff turnover and skill shortages in the market.

#### Managing the risk

- Continually monitor customer activity and engage with customers to understand their business model and projections ensuring we continue to work in partnership.
- Review internal analytical test pricing to ensure these incorporate increased business costs to mitigate any margin erosion.
- Maintain a close dialogue with key suppliers and ensure efficient inventory levels are maintained.
- Continue to review and improve staff engagement by up-dating salary bands to ensure these reflect market rates, seek to improve staff benefits and increase training opportunities.

#### Focus areas for 2022/23

- Successful consolidation of the ALS Environmental and ALS Life Science businesses
- Continue to monitor and evaluate inflationary impacts and to identify the effects these have on the businesses operating model and financial performance.
- Engage with suppliers to secure minimal inflationary price increases whilst maintaining strong supply.
- Introduce career events, up-date succession plans, and further develop induction training to support overall staff development, retention and engagement.

## Strategic Report *(continued)*

Forecasts for both profitability and cash have been revised and monitored closely to give assurance on business continuity considering the current economic factors. The management will continue to monitor the impact of the wider economic outlook in conjunction with the specific business risks noted above

- **Liquidity and interest rate risk**

The company has implemented policies to manage credit risk in relation to trade debtors by ensuring credit reports are reviewed prior to offering credit, monthly aged debt reviews are also undertaken.

The trade creditor's policy is to agree terms of payment prior to engagement to ensure that suppliers are aware of the terms on which payment will take place and to pay in accordance with its contractual and other legal obligations. Trade creditors at the year-end represented 88 days purchases (2021: 48 days).

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

As a direct impact of higher inflation, the business continues to forecast for both the short and longer-term periods, particularly in relation to cash, in order to ensure the business won't be disrupted due to shortfalls in these areas

- **Impairment risks of financial and non-financial assets**

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. For the year ending 31st March 2022 management concluded that the carrying value of the intangible's assets were reflective of the future economic benefit and therefore no impairment has been made.

Impairment reviews of intangible assets are ordinarily undertaken by senior management annually. Value in use calculations are performed for each cash generating unit, when there are indicators of impairment, using cashflow projections and are based on the latest annual financial budgets prepared by senior management and expectations are formed in line with performance to date, experience and external data available. Details of the company's approach to impairment can be found in note 1.8 on page 20.

Results have been revisited taking in to account the current years financial performance and the current impacts of inflation and the conflict in Ukraine on the businesses performance and its potential future impacts against value-in-use assets, and have concluded there would be headroom and that no further impairments would be required in 2022 for the remaining intangible assets. Senior management are committed to continually review the situation

### **Employment policy**

It is the policy of the company to attract, develop, retain and motivate high performance individuals and encourage and support them to realise their maximum potential. Wherever possible, vacancies are filled from within the company and substantial opportunities for internal promotion are created. The company is committed to a systematic training policy.

The company has continued its practice of keeping employees fully 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 company intranet.

The health & safety of staff continues to be a business priority, and since the relaxing of Covid-19 control measures in 2021 staff have begun to return to the work place, although there continues to be flexibility, technology and support for those wishing to continue to work from home. For those staff unable to work from home we continue to encourage social distancing and have measures in place to reduce the potential of future Covid infections

Mental and physical health factors are prioritised with additional Mental Health training rolled out across the business alongside regular support and contact to monitor employee wellbeing. Training has been provided on managing teams remotely with support and guidance from HR.

## Strategic Report *(continued)*

### 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.

### Future developments

The directors expect the general level of activity to continue for the foreseeable future.

Since the lifting of the main Covid-19 restrictions the United Kingdom (UK) is seeing heightened inflation which will continue to affect staff retention, recruitment and operational costs, both will need to be monitored and managed carefully in the coming year.

Moving into 2022/23 the business will continue to strengthen digitization & digital integration, increase employee engagement, whilst strengthening client service and improving sustainability. There will be a continued drive to improve the customer experience whilst reviewing and adapting business processes to ensure delivery of an efficient and effective service at competitive prices.

ALS Laboratories (UK) Limited continues to work towards a state-of-the-art laboratory infrastructure providing technical and quality expertise, sharing best practice across the ALS group, harmonizing our systems, processes and IT platforms ensuring we deliver to a level and in the format required by our customers. ALS continues seek ways to improve internal efficiency and create innovative client solutions and due to the pandemic, the new global ERP system has been delayed further to 2023/24, however once implemented will improve process efficiencies and the customer's experience.

There are no other significant future developments expected to impact the Company.

Approved by the board on 16<sup>th</sup> December 2022 and signed by its order by:

*Matthew Masters*

**M Masters**  
Director

Torrington Avenue,  
Coventry,  
CV4 9GU,

## **Director's Report**

The directors present their annual report and the audited financial statements for the year ended 31 March 2022.

### **Dividends**

The profit and loss account for the financial year is set out on page 15. The directors consider the year end position to be satisfactory. No dividend was proposed or paid for the year ending 31st March 2022 (2021: £5,000,000).

### **Directors**

Directors indemnity insurance is maintained through the ALS Group.

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

Mr M G Masters

Mr I O'Mahony

Mr M Stener (appointed 1<sup>st</sup> October 2022)

### **Going concern**

The financial statements have been prepared on a going concern basis. The directors have forecast the likely cash requirements of the Company for the period to 31 March 2024 and are satisfied that they will have access to enough liquidity based on current internal forecasts and projections. The directors have also received confirmation of ongoing support from the ultimate parent undertaking for a period to 31 March 2024.

As of the 1<sup>st</sup> October 2022 the assets and trade of ALS Life Sciences and ALS Environmental Limited, fellow group companies were transferred to ALS Laboratories (UK) Limited. Management expects this consolidation of group entities to improve the overall efficiency of the operations in the UK.

The directors expect that, based on trading expectations through 31 March 2024, the consolidation of ALS Life Sciences and ALS Environmental alongside current economic factors and other potential downsides, the Company will have sufficient funds, through its operations based on the forecast through 31 March 2024 with funding available from its ultimate parent company, ALS Limited, to meet its liabilities as they fall due for that period if required.

Those expectations are dependent on ALS Limited providing additional financial support during that period. ALS Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the budgets and forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for a period to 31 March 2024 and therefore have prepared the financial statements on a going concern basis.

### **Employees**

Details of the number of employees and related costs can be found in note 6 to the financial statements. The company operates a non-discriminatory employment policy and full and fair consideration is given to applications for employment by disabled persons where they have the appropriate skills and abilities. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the ALS group continues and that appropriate training adjustments are made. It is the policy of the group that the training, career development and promotion opportunities of disabled persons should, as far as possible, be identical to that of other employees. The ALS group actively encourages employee involvement and consultation places emphasis on keeping its employees informed of its activity and financial performance by way of briefings and publication to staff of all relevant information and corporate announcements.

## Director's Report (continued)

### Charitable and political contribution

The Company made a £50 charitable donation but made no political donations nor incurred any political expenditure during the year.

### Disclosure of information to auditor

The directors who held office at the date of approval of this director's report confirm that, so far as they are 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.

### Annual energy, greenhouse gas emissions and intensity ratio

#### ALS Laboratory Testing Ltd.

#### UK Greenhouse gas emissions and energy use data for the period 1 April to 31 March

	2021/22	2020/21
Energy consumption used to calculate emissions (kWh)	8,013,580	8,507,063
Energy consumption break-down:		
• gas (kWh Gross CV)	563,949	560,755
• electricity (kWh)	3,155,166	3,574,917
• transport fuel (kWh Gross CV)	4,294,465	4,371,392
Scope 1 emissions in metric tonnes CO <sub>2</sub> e		
Gas consumption	103	103
Owned transport – Van fleet	1,020	1,052
Total Scope 1	1,123	1,155
Scope 2 emissions in metric tonnes CO <sub>2</sub> e		
Purchased electricity	670	833
Total gross emissions in metric tonnes CO <sub>2</sub> e	1,793	1,989
Intensity ratio: tonnes CO <sub>2</sub> e per hour worked	0.00113	0.00127

#### • Quantification and reporting methodology

We have followed the HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.



## Director's Report (continued)

Fuel/Supply	Measured Unit	Conversion Factor
Electricity	kWh	0.21233 kgCO <sub>2</sub> e *
Gas	kWh (Gross CV)	0.18316 kgCO <sub>2</sub> e *
Diesel	Litres	2.51233 kgCO <sub>2</sub> e *
Diesel	Litres	10.58kWh (Gross CV) **

\*[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1049332/conversion-factors-2021-condensed-set-most-users.xls](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1049332/conversion-factors-2021-condensed-set-most-users.xls)

\*\* [https://prod-drupal-files.storage.googleapis.com/documents/resource/public/Conversion\\_factor\\_introductory\\_guide.pdf](https://prod-drupal-files.storage.googleapis.com/documents/resource/public/Conversion_factor_introductory_guide.pdf)

### • Sources of Data

Electricity and Gas - All electricity and gas consumption data is provided by BIU (British Independent Utilities), our energy broker. BIU collect all digital data from our half-hour (00) meters and invoices from energy providers, verify the figures and provide the consumption data in an on-line portal.

There are the following exceptions to this arrangement:

Carlisle - We do not have access to digital data or invoices, so we use the electricity and gas consumption figures invoiced to us by the landlord.

Hypergraph (Mirfield) - We do not have access to digital gas data, so we use gas consumption figures invoiced to us by the landlord.

Fleet (diesel) - Fleet data is captured from two sources. Litres of diesel purchased is supplied by Fuel Card Services and data is provided, in real-time, on an on-line portal. Fleet mileage is captured from the trackers fitted in each vehicle and is managed by Teletrac Navman.

### • Intensity measurement

#### *tCO<sub>2</sub>e / hour worked*

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub>e per hour worked, this is one of the measures used for internal reporting purposes within ALS Global.

### • Omissions from reporting

#### *Scope 1&2*

Sittingbourne – Our facility occupies a small proportion of a Scientific Park and we are charged a percentage of the cost each month for the Electricity and gas consumed. Currently there is no sub-metering to enable us to determine an accurate consumption figure. It is our intention to implement sub-metering in Sittingbourne during FY23 to facilitate accurate reporting.

#### *Scope 3*

Scope 3 emissions are not included in this report as we currently do not have mechanisms in place to accurately monitor and measure these emissions. It is our intention to include consumption data for company cars, grey fleet, and other forms of company travel (rail and air) in the FY23 report.

### • Measures taken to improve energy efficiency

## Director's Report (continued)

### *Employee Engagement & Awareness*

The business continues to innovate the programme of energy awareness and employee engagement (named "Action Leading to Sustainability") by investing in Viima's idea management software to improve engagement.

### *Replacing inefficient equipment*

The business continues to review and replace aging / inefficient high energy systems such as air conditioning systems and chiller units. Not only does this reduce power consumption, it also has reduced chargeable call outs to repair older systems and eliminated refrigerant gases with higher global warming potential (GWP), such as R404A and R134a.

### *LED Lighting*

LED lighting has now been installed, throughout, in most facilities. The programme of exchanging all remaining T8 Fluorescent lights for LED's continued across the remaining facilities in FY22.

### *Cold Storage*

An assessment of cold storage was undertaken on the Rotherham site and as a result a large walk-in freezer was retired and replaced with two chest freezers. The use of these smaller units is far more efficient than operating the large walk-in unit which was designed to handle a much larger capacity of samples than currently stored on site.

### *Automatic Lighting*

Passive Infrared Sensors (PIRs) have been installed across all facilities to rationalise the use of lighting in low traffic routes and seldom visited locations. Areas where PIRs have been installed include, walk-in cold stores, walk-in incubators, changing rooms, toilets, stairwells, and corridors.

### *Auditor*

Ernst & Young LLP were re-appointed as auditors.

By order of the board

*Matthew Masters*

**M Masters**

*Director*

Date: 16<sup>th</sup> December 2022

Torrington Avenue  
Coventry  
CV4 9GU

## Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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.

## **Section 172(1) Statement & Stakeholder Engagement**

The directors of ALS Laboratories UK Limited (the “Company”) consider that they have adhered to the requirements of section 172 of the Companies Act 2006 (the “Act”) and have, in good faith, acted in a way that they consider would be most likely to promote the success of the company for the benefit of its shareholders as a whole and in doing so have had regard to and recognised the importance of considering all stakeholders and other matters (as set out in s.172(1) (a-f) of the Act) in its decision making.

As part of the wider ALS Group (the “group”), considering the relative size of the Company and centralised nature of the group, the directors may consider it reasonable for decision making to be handled by the Group board.

The table below sets out our s.172(1) statement. The statement provides details of key stakeholder engagement undertaken by the directors during the year and how this helps the directors to factor potential impacts on stakeholders in the decision-making process.

### **General**

The ALS Group promotes the highest standards of governance and ensures these standards cascade throughout the group and its subsidiaries. Guiding principles are in place for the relationship between the Group Board and localised directors. The framework promotes full and effective interaction across all levels of the group to support the delivery of strategy and business objectives within the framework of best corporate governance practice.

Corporate governance underpins how we conduct ourselves as directors, our culture, values, behaviours and how we do business. As directors we are conscious of the impacts that our business and decisions have on our direct stakeholders.

### **Principal decisions**

In the table below, we outline some of the principle decisions made by directors during the year, explain how the directors have engaged with, or in relation to, the different key stakeholder group and how stakeholder interests were considered over the course of decision making.

For year ending 31<sup>st</sup> March 2022, the directors consider that the following are examples of principle decisions that it has made in the year:

- Approval of the annual Business Plans
- Managing the impacts of Brexit and Covid-19 on supply of goods
- Covid-19 action plan and business continuity
- Opportunities for business and profitability growth

### **Covid-19**

Covid 19, the welfare of our stakeholders and the principle decisions around managing their health and safety was critical to the business. This involved customer, suppliers and employees amongst others. The management of the business consider this to be the principal risk related to the pandemic, and as such, have met regularly, to agree upon the preventative measures taken by the business in order to ensure the health and safety of stakeholders. Measures introduced include the acquisition of PPE in line with (or in excess of) government guidelines for employees and visitors to site, social distancing measures throughout the premises and where feasible, facilitating and enabling staff to work at home.

The table below sets out our key stakeholders and provides examples of how we have engaged with them in the year, as well as demonstrating stakeholder consideration in decision making

## Section 172(1) Statement & Stakeholder Engagement (continued)

The table below sets out our key stakeholders and provides examples of how we have engaged with them in the year, as well as demonstrating stakeholder consideration in decision making

Stakeholders	Stakeholder consideration in the director decision making
<b>Shareholders</b>  <i>shareholders are vital to the future success of our business, providing investment which supports business growth and the generation of returns.</i>	<p>The ultimate shareholders of the company, through our parent company, are institutional and individual investors who own securities in our parent, ALS Limited.</p> <p>As directors, we aim to provide clear information, providing honestly and transparency regarding business performance to our parent company which they cascade to shareholders.</p> <p>Value is generated for shareholders by supporting the overall group's vision and business plan and metrics and up-dates are provided by the directors to our parent company.</p> <p>Shareholders have access to ALS Limited's announcements, results and investor information through our website which has a dedicated investor section.</p>
<b>Customers</b>  <i>Listening to our customers help us better understand their needs.</i>	<p>Our staff are dedicated to making sure we constantly refine what we do, engaging and promote the ALS experience which generates customers confidence.</p> <p>We aim to provide the investment and resources in the business to enable customer expectations to be met and ensure the customer experience is positive from quote to invoice.</p> <p>Business development managers regularly communicate with customers to receive feedback, and monthly NPI scores are collated to identify business or service issues.</p>
<b>Employees</b>  <i>Working and communicated with our employees helps promote improved productivity and engagement and helps ensure a healthy and safe environment.</i>	<p>The focus around any business decision is the impacts they may have on staff engagement, morale productivity and health &amp; safety whilst promoting diversity.</p> <p>Staff remuneration is bench-marked from market data and reviews are performed on salary grading and benefits on a regular basis. New employee initiatives and benefits are regularly explored.</p> <p>Directors promote a positive working environment and ensure necessary resources are available to enable employees to carry out their duties in a safe environment whilst remaining engaged and motivated</p> <p>Employee committees are established to ensure staff can be actively involved in business decisions and developments. The management team deliver monthly team briefs and regular roadshows to up-date all employees on business performance and relevant business and industry matters.</p>
<b>Suppliers</b>  <i>Actively engaging with suppliers ensures we receive quality products at competitive rates that are ethically sourced whilst avoiding supply chain disruption</i>	<p>Directors and employees complete annual Code of Conduct and Anti-Bribery training and are fully aware of the ALS corporate procurement policies.</p> <p>Preferred supplier lists are maintained, and consideration is given to the technical requirements, quality and price of all products to ensure they meet the business requirements.</p> <p>The company ensures the process for procurement from quote to delivery is efficient and follows all health &amp; safety guidelines.</p> <p>Regular supplier meetings are held to maintain strong relationships and compliance.</p>

## Independent Auditor's Report to the Members of ALS Laboratories (UK) Limited

### Opinion

We have audited the financial statements of ALS Laboratories (UK) Limited for the year ended 31 March 2022 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 March 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of ALS Laboratories (UK) Limited (Continued)**

### **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 directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 9, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

## Independent Auditor's Report to the Members of ALS Laboratories (UK) Limited (Continued)

### Auditor's responsibilities for the audit of the financial statements (continued)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct tax regulations in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management, including those charged with governance, to understand how the Company maintains and communicates its policies and procedures in these areas and to understand the controls put in place to reduce the risk of non-compliance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was susceptibility to fraud. We understood the programmes and controls that the Company, has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, in respect of management override, including in respect of revenue recognised and the existence of accrued income, we performed audit procedures to address the identified fraud risk.
- The procedures to address the risk of inappropriate revenue being recognised were addressed by testing a sample of revenue transactions recorded in the period to testing certificates to verify the completion of the services prior to the year end, agreement to cash received, and we also considered the agreements with those customers to understand the terms of the services being performed. In respect of the accrued income, we verified a sample of transactions to testing certificates pre year end and agreed to invoices subsequently issued to the customer. For a sample of tests performed in the month of March 2022 where no accrued income was recognised we ensured that certificates had been issued and the invoices raised prior to the year end. In relation to management override we incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We tested specific transactions back to source documentation. Our procedures were designed to provide reasonable assurance that the company financial statements were free from material misstatement.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items. For both direct and other laws and regulations, our procedures involved; making enquiries with those charged with governance and senior management for their awareness of non-compliance with laws and regulations, inquiring about policies that have been established to prevent non-compliance with laws and regulations by officers and employees and how the company monitors this.

### 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.

Ernst & Young LLP

Michael Harvey (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Liverpool

Date:

19 December 2022



**Profit and Loss Account and Other Comprehensive Income**  
**For the year ended 31 March 2022**

	Note	2022 £000	2021 £000
<b>Turnover</b>	2	<b>40,482</b>	37,444
Cost of sales	3	(22,182)	(21,350)
<b>Gross profit</b>		<b>18,300</b>	16,094
Other Income	8	28	1,410
Administration costs		(17,003)	(15,280)
<b>Operating profit</b>	4	<b>1,325</b>	2,224
Other interest receivable and similar income	9	5	-
<b>Profit before taxation</b>		<b>1,330</b>	2,224
Tax on profit	10	(482)	(553)
<b>Profit for the financial year</b>		<b>848</b>	1,671

All the results above arise from continuing operations.

The company has no recognised gains or losses for the years ending 31 March 2022 or 31 March 2021 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 2022

	Note	2022 £000	£000	2021 £000	£000
<b>Fixed assets</b>					
Goodwill	11	122		143	
Intangible assets	11	1,183		1,438	
Tangible assets	12	11,353		11,565	
			<u>12,658</u>		<u>13,146</u>
<b>Current assets</b>					
Stock		606		101	
Debtors (including £nil (2021: £nil) due after more than one year)	14	10,477		11,314	
Cash at bank and in hand		40		937	
		<u>11,123</u>		<u>12,352</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(6,219)</u>		<u>(8,748)</u>	
<b>Net current assets</b>			<u>4,904</u>		<u>3,604</u>
<b>Total assets less current liabilities</b>			<u>17,562</u>		<u>16,750</u>
<b>Provisions for liabilities</b>					
Other provisions	17		<u>(242)</u>		<u>(278)</u>
<b>Net assets</b>			<u>17,320</u>		<u>16,472</u>
<b>Capital and reserves</b>					
Called up share capital	19		250		250
Share premium account			7,343		7,343
Other reserves			4,608		4,608
Profit and loss account			5,119		4,271
<b>Shareholders' funds</b>			<u>17,320</u>		<u>16,472</u>

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

These financial statements were approved by the board of directors on 16<sup>th</sup> December 2022 and were signed on its behalf by:

*Matthew Masters*

**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 2020	250	7,343	4,608	7,600	19,801
<b>Total comprehensive income for the period</b>					
Profit	-	-	-	1,671	1,671
Total comprehensive income for the period	-	-	-	1,671	1,671
Dividends Paid	-	-	-	(5,000)	(5,000)
<b>Balance at 31 March 2021</b>	<b>250</b>	<b>7,343</b>	<b>4,608</b>	<b>4,271</b>	<b>16,472</b>
Balance at 1 April 2021	250	7,343	4,608	4,271	16,472
<b>Total comprehensive income for the period</b>					
Profit	-	-	-	848	848
Total comprehensive income for the period	-	-	-	848	848
<b>Balance at 31 March 2022</b>	<b>250</b>	<b>7,343</b>	<b>4,608</b>	<b>5,119</b>	<b>17,320</b>

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.

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") as issued in August 2014. The amendments to FRS 102 issued in March 2018 along with any triennial review amendments from December 2017 that are effective immediately have been applied. 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 24. 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.

#### **1.3 Going concern**

The financial statements have been prepared on a going concern basis. The directors have forecast the likely cash requirements of the Company for the period to 31 March 2024 and are satisfied that they will have access to enough liquidity based on current internal forecasts and projections. The directors have also received confirmation of ongoing support from the ultimate parent undertaking for a period to 31 March 2024.

As of the 1st October 2022 the assets and trade of ALS Life Sciences and ALS Environmental Limited, fellow group companies were transferred to ALS Laboratories (UK) Limited. Management expects this consolidation of group entities to improve the overall efficiency of the operations in the UK.

The directors expect that, based on trading expectations through 31 March 2024, the consolidation of ALS Life Sciences and ALS Environmental alongside current economic factors and other potential downsides, the Company will have sufficient funds, through its operations based on the forecast through 31 March 2024 with funding available from its ultimate parent company, ALS Limited, to meet its liabilities as they fall due for that period if required.

Those expectations are dependent on ALS Limited providing additional financial support during that period. ALS Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the budgets and forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for a period to 31 March 2024 and therefore have prepared the financial statements on a going concern basis.

## **Notes (continued)**

### **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.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### **1.6 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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. For the year ending 31<sup>st</sup> March 2022 management concluded there were no indicators for impairment.

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 machinery                   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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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.

##### 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. Assets have a limited useful economic life of 7 years.

##### 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Impairment excluding stocks and deferred tax assets (continued)

##### *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.

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.

Accrued income represents the value of services performed that have not been invoiced.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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.

#### 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.

#### 1.14 Government grants

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough').



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.15 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) and key sources of estimation uncertainty that have the most significant effect on amounts recognised in the financial statements:

##### *Taxation*

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

##### *Dilapidation provision*

The Company has a dilapidations provision that relates to its 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. Management judgement and estimation is required in respect to the size and timing of the provision.

##### *Valuation of intangible assets*

The Company has intangible assets of £1.2m as at 31 March 2022, in respect of the development of IT software. The determination of the carrying value and in particular whether the recoverable amount is in excess of the carrying value involves judgment as to the determination of indicators of impairment and also forecasts used in a value in use calculation (if such indicators exist).

### 2 Turnover

	2022 £000	2021 £000
Rendering of services	40,482	37,444
Total turnover	40,482	37,444
By geographical market		
	2022 £000	2021 £000
UK and Ireland	38,355	34,637
Europe	1,850	2,337
Rest of world	277	470
Total turnover	40,482	37,444

## Notes (continued)

### 3 Cost of sales

	2022 £000	2021 £000
Wage Costs	11,912	11,463
Materials & direct overheads	10,270	9,887
	<u>22,182</u>	<u>21,350</u>

### 4 Operating profit

Operating profit is after charging / (crediting)

	2022 £000	2021 £000
Administration expenses	14,489	12,728
Amortisation (note 11)	276	231
Depreciation (note 12)	2,242	1,890
Exchange (gain) / loss	26	47
(Gain) / loss on disposal of property, plant & equipment	(30)	384
	<u></u>	<u></u>

### 5 Expenses and auditor's remuneration

Auditor's remuneration:

	2022 £000	2021 £000
Audit of these financial statements	88	104
	<u></u>	<u></u>

## Notes (continued)

### 6 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	
	2022	2021
Operational	631	637
Administrative	139	140
	<u>770</u>	<u>777</u>

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£000	£000
Wages and salaries	17,250	16,946
Social security costs	1,468	1,341
Contributions to defined contribution plans	635	639
	<u>19,353</u>	<u>18,926</u>

### 7 Directors' remuneration

	2022	2021
	£000	£000
Directors' remuneration	348	223
Company contributions to money purchase pension plans	30	26
	<u>378</u>	<u>249</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £254,000 (2021: £138,000), and company pension contributions of £21,000 (2021: £17,000) were made to a money purchase scheme on his behalf.

	Number of directors	
	2022	2021
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	<u>2</u>	<u>2</u>

## Notes (continued)

### 8 Other income

	2022	2021
	£000	£000
Income from insurance claim	-	770
Government support	28	640
	<u>28</u>	<u>1,410</u>

Government Support received is in relation to the Coronavirus Job Retention Scheme (CJRS). The CJRS grant relates to staff who have been furloughed due to COVID-19. There are no unfulfilled conditions or other contingencies attached to these grants. The Company did not benefit directly from any other forms of Government assistance.

### 9 Other interest receivable and similar income

	2022	2021
	£000	£000
Interest Income from bank	5	-
	<u>5</u>	<u>-</u>
Total interest receivable and similar income	<u>5</u>	<u>-</u>

### 10 Taxation

#### Total tax expense recognised in the profit and loss account

	2022		2021	
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on income for the period	55		569	
Adjustments in respect of prior periods	(105)		-	
	<u></u>		<u></u>	
Total current tax		(50)		569
<i>Deferred tax (see note 16)</i>				
Origination and reversal of timing differences	327		(10)	
Effects of tax rate change on opening balance	87		-	
Adjustment in respect of prior periods	118		(6)	
	<u></u>		<u></u>	
Total deferred tax		532		(16)
		<u></u>		<u></u>
Total tax		482		553
		<u></u>		<u></u>

## Notes (continued)

### 10 Taxation (continued)

	£000	2022 £000	£000	£000	2021 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	(50)	532	482	569	(16)	553
Total tax	(50)	532	482	569	(16)	553

#### *Analysis of current tax recognised in profit and loss*

	2022 £000	2021 £000
UK corporation tax	(50)	569
Total current tax recognised in profit and loss	(50)	569

#### **Reconciliation of effective tax rate**

	2022 £000	2021 £000
Profit for the year	848	1,671
Total tax expense	482	553
Profit excluding taxation	1,330	2,224
Tax using the UK corporation tax rate of 19% (2021: 19%)	253	419
Difference between depreciation and capital allowances for year	20	137
Non-deductible expenses	30	3
Remeasurement of deferred tax for changes in tax rate	166	-
Adjustments in respect of previous periods	(105)	(6)
Adjustment to tax charge in respect of prior periods – deferred tax	118	-
Total tax included in profit or loss	482	553

At Budget 2021 the government confirmed that the Corporation Tax main rate would remain at 19% until the year commencing 1 April 2023. From 1 April 2023 the main rate of Corporation Tax will increase to 25%. As at 31 March 2022 any deferred tax is calculated at 25% (2021 19%).

## Notes (continued)

### 11 Intangible assets and goodwill

	Intangibles £000	Goodwill £000	Total £000
<b>Cost</b>			
Balance at 1 April 2021	2,645	5,275	7,920
Additions	-	-	-
Goodwill arising in the period	-	-	-
	<u>2,645</u>	<u>5,275</u>	<u>7,920</u>
Balance at 31 <sup>st</sup> March 2022	2,645	5,275	7,920
<b>Amortisation and impairment</b>			
Balance at 1 April 2021	1,207	5,132	6,339
Amortisation for the year	255	21	276
Impairment for the year	-	-	-
	<u>1,462</u>	<u>5,153</u>	<u>6,615</u>
Balance at 31 March 2022	1,462	5,153	6,615
<b>Net book value</b>			
At 1 April 2021	1,438	143	1,581
	<u>1,438</u>	<u>143</u>	<u>1,581</u>
<b>At 31 March 2022</b>	<u>1,183</u>	<u>122</u>	<u>1,305</u>

Other intangibles costs relate to the global laboratory system/software development along with ALSolutions, a customer facing platform.

Following the annual impairment review by management it was concluded there were no indicators of impairment and therefore no adjustments made within the financial results.

#### Amortisation

The amortisation is recognised in the following line items in the profit and loss account:

	2022 Intangibles £000	2021 Intangibles £000	2022 Goodwill £000	2021 Goodwill £000
Administrative expenses				
Charge for period	255	210	21	21
	<u>255</u>	<u>210</u>	<u>21</u>	<u>21</u>

## Notes (continued)

### 12 Tangible fixed assets

	Land and buildings £000	Plant, Machinery, Fixtures and Fittings £000	Motor Vehicles £000	Total £000
<b>Cost</b>				
Balance at 1 April 2021	10,445	18,422	1,573	30,440
Additions	66	1,185	824	2,075
Disposals	-	(220)	(606)	(826)
Balance at 31 March 2022	10,511	19,387	1,791	31,689
<b>Depreciation and impairment</b>				
Balance at 1 April 2021	3,358	14,483	1,034	18,875
Depreciation charge for the year	603	1,190	449	2,242
Disposals	-	(176)	(605)	(781)
Balance at 31 March 2022	3,961	15,497	878	20,336
<b>Net book value</b>				
At 1 April 2021	7,087	3,939	539	11,565
At 31 March 2022	6,550	3,890	913	11,353

#### Leased plant and machinery

At year end the net carrying amount of assets leased under a finance lease was £nil (2021: £nil).

#### Land and Buildings

The net book value of land and buildings comprises:

	2022 £000	2021 £000
Freehold	5,837	6,340
Short leasehold	713	747
	6,550	7,087

At year end the value of assets under construction was £nil (2021: £nil).

## Notes (continued)

### 13 Fixed asset investments

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

### 14 Debtors

	2022 £000	2021 £000
Trade debtors	7,535	7,255
Amounts owed by group undertakings	1,122	989
Other debtors	1	13
Insurance claim	-	319
Prepayments and accrued income	1,819	2,738
	<u>10,477</u>	<u>11,314</u>
Due within one year	<u>10,477</u>	<u>11,314</u>

The amounts owed by group undertakings are unsecured, interest free and have no fixed date for repayment.

### 15 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	3,241	2,037
Bank Overdraft	450	-
Amounts owed to group undertakings	65	3,387
Taxation and social security	862	2,351
Deferred tax liability (see note 16)	691	159
Accruals and deferred income	910	814
	<u>6,219</u>	<u>8,748</u>

The amounts owed to group undertakings are unsecured, interest free and have no fixed date for repayment.

### 16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £000	2021 £000	Liabilities 2022 £000	2021 £000	Net 2022 £000	2021 £000
Accelerated capital allowances	-	-	-	-	-	-
Other	-	-	(691)	(159)	(691)	(159)
Net tax (liability)/assets	<u>-</u>	<u>-</u>	<u>(691)</u>	<u>(159)</u>	<u>(691)</u>	<u>(159)</u>



## Notes (continued)

### 17 Provisions

	Dilapidations Provision £000	Other Provisions £000	Total £000
Balance at 1 April 2021	122	156	278
Additions			
Reclassified	78	(78)	-
Provisions used during year	-	(36)	(36)
<b>Balance at 31 March 2022</b>	<b>200</b>	<b>42</b>	<b>242</b>

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.

Other provisions relate to closure costs associated with Mirfield and includes legal and surveyor fees. A reclassification of this provision between closure costs and dilapidations was made during the year once final closure costs had been recognised.

### 18 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 £635,328 (2021: £638,520).

### 19 Capital and reserves

#### Share capital

	2022 £000	2021 £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.

#### Dividends

	2022 £000	2021 £000
<i>Equity – Ordinary</i>		
Declared and paid value	-	5,000
Declared value per share	-	20

## Notes (continued)

### 20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2022 £000	2021 £000
Less than one year	596	623
Between one and five years	1,282	1,337
More than five years	1,380	1,447
	<u>3,258</u>	<u>3,407</u>

During the year £211,892 was recognised as an expense in the profit and loss account in respect of operating leases (2021: £175,049).

### 21 Commitments

#### Capital commitments

The Company contractual commitments to purchase tangible fixed assets at the year-end were £nil (2021: £nil).

### 22 Post balance sheet events

As of 1 October 2022, the assets and liabilities and the trade of ALS Life Sciences Limited and ALS Environmental Limited, fellow group companies, were transferred to ALS Laboratories (UK) Limited for consideration of £10,000,000 and £8,961,900 respectively.

The consideration amounts for the transactions have been left outstanding as a non interest bearing intercompany loan.

Management expects this consolidation of group entities to improve the overall efficiency of the operations in the UK. It also expects this to have no effect on the service it provides its customers and will work closely with them in order to secure this. This is considered to be a non-adjusting post balance sheet event.

There have been no other significant events affecting the company since the period end.

### 23 Related party transactions

#### Identity of related parties with which the Company has transacted

There were no related party transactions with non-wholly owned companies, therefore the exemption allowable under FRS102 Section 33 has been taken.

### 24 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of ALS Inspection UK Limited. 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](http://www.alsglobal.com).