

**SGS Cambridge Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2020**

Registered number: 02514788



# **SGS Cambridge Limited**

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## **SGS Cambridge Limited**

### **Company information**

<b>The board of Directors</b>	J McGurk C Aldag M Boyd
<b>Principal place of business</b>	Units 1-2 The Links Trafalgar Way Bar Hill Cambridgeshire CB23 8UD
<b>Registered office</b>	Rossmore Business Park Ellesmere Port Cheshire CH65 3EN
<b>Bankers</b>	NatWest Bank plc 55 Bishopsgate London EC2M 4AA

# SGS Cambridge Limited

## Strategic report

The Directors, in preparing this strategic report, have complied with s414(c) of the Companies Act 2006.

### Principal activity

The principal activities of SGS Cambridge Limited (the “Company”) are the provision of accredited analytical services across the environmental, food, safety, petrochemical and manufacturing sectors.

### Business environment

The Company services growing markets which are driven by population growth, economic growth and the increasing legislation and regulations required to support corporate compliance and protection of the health and safety of individuals.

### Principal risks and uncertainties

Any business undertaking will involve some risk with many risk factors common to any business regardless of what sector it operates in. The Directors believe the following are the principal risks and uncertainties impacting the Company:

#### Legislative risk

The sectors the Company operates in are subject to a high level of regulatory change and testing requirements which need to be monitored to ensure services are fully compliant. This is mitigated by rigorous monitoring and compliance procedures.

#### Political and environmental risks

Management have performed a review to ascertain any potential risks relating to Brexit. Although there is uncertainty as to how Brexit risks may materialise, we have identified a number of potential risk areas including customer service and supply chain, potential impact of tariffs, sector performance, employees and mobility and regulatory environment. The most critical risk area pertains to regulation. Assurances have been received that our regulatory body The United Kingdom Accreditation Service (UKAS) will continue to be recognised by the relevant European and international accreditation services. Although we are now aware that Brexit will occur, there is, as yet, no further clarity on regulatory impacts post the transition period. In respect of other lower impact risk areas such as supply chain, mitigating actions have been defined and implementation will be undertaken where there is a potential for an adverse impact.

#### Competitive risks

Customers currently outsource analytical testing but could develop their own in-house analytical testing capabilities. This risk is mitigated by providing a cost-effective problem-solving solution to add value for customers. The expertise of the scientific and research teams is a significant factor in retaining customers.

#### Financial instruments risk

The Company is exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk. The Company manages these risks by financing its operations through retained profits, supplemented by funding provided by its parent undertaking where needed. The management objectives are to retain sufficient liquid funds to enable the Company to meet its day to day requirements, with the future cash flows expected to arise from the Company's trading activities. Where funds are not sufficient, support is provided by Spectris plc who operate the Group Treasury function.

The Company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Credit risk is the risk that one party to a financial instrument will cause a financial loss to another party by failing to discharge an obligation. The Company assesses the risk of contracting with each customer and sets credit limits which are carefully monitored. If a significant risk is identified credit facilities are withdrawn and transactions are carried out on a cash basis. If a key customer was significantly affected by a difficult trading environment this would have a short-term impact on the Company.

## **SGS Cambridge Limited**

### **Strategic report (continued)**

The Directors continue to endeavor to manage these risks and uncertainties to the extent possible within the business.

#### **Key performance indicators**

We monitor performance through the production of budgets, forecasts and monthly management information. The key performance indicators of the business are considered to be revenue and (loss)/profit before taxation as disclosed in the income statement.

#### **Business performance**

Revenue during the year ended 31 December 2020 decreased by 54% to £7.4m from £15.7m in 2019 due mainly to the closure of the ADS Environmental business in September 2019.

The loss for the year, before taxation, of Concept Life Sciences Analytical & Development Services Limited amounted to £1.9m (2019: loss £14.9m). The 2019 result was adversely impacted by increasing direct costs and pressure on selling prices particularly within the ADS Environmental business. There was also an exit cost charge of £9.2m recognised in 2019 which reflect the cost of exiting the business.

The ADS Food business, which is also included within Concept Life Sciences Analytical & Development Services Limited, was not impacted by the closure decision and has the support of its ultimate parent undertaking in 2020, Spectris plc notwithstanding its current loss-making position. The directors consider the results to 31 December 2020 to be in line with expectations.

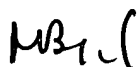
#### **Future developments**

The ADS Food business, which consists of the Cambridge site, has been identified as profitable and within a growing market segment and we expect this business to grow and improve margins in 2020.

#### **Post balance sheet events**

On 5 January 2021 the company was acquired by SGS Holding UK Limited.

Approved by the Board and signed on its behalf by:



M Boyd  
Director  
30 June 2021

# **SGS Cambridge Limited**

## **Directors' report**

The Directors present their annual report and the unaudited financial statements of the Company for the year ended 31 December 2020.

Matters such as the principal activity, business environment, principal risks and uncertainties, key performance indicators, business performance and future developments of the business are disclosed in the Strategic Report.

### **Results and dividends**

The loss for the year, after taxation, is highlighted on page 12, and a dividend of £1,314,572 was paid in the year (2019: nil).

### **Research and development**

The Company's activities result in the undertaking of research and development on behalf of its customer base. Additionally, the Company engages in internal research and development by developing its service offerings for customers.

### **Going concern**

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

The directors have not seen any impacts on the UK's exit from the EU and concluded due to the large client mix and the varying service portfolio, the directors have no concerns of any significant impact on the future of the business.

The COVID-19 pandemic has developed rapidly in 2020, however the resulting impact of the virus on the operations and measures taken by various governments have had an insignificant impact on the company's results for the period. We therefore consider COVID-19 is not expected to have a significant impact on the entity. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. We have considered the Company's current financial position and have reassessed the reasonableness of their trading and cash flow forecasts for the 12 months following the date of approval of these financial statements. Having considered the circumstances we are satisfied that the Company has sufficient liquidity and options within its control to mitigate any reduction or delay in revenues.

### **Diversity, equality, and inclusion**

We recruit, develop, and promote our people based on their talent, commitment, and achievement. We make every effort to ensure that everyone is treated equally and fairly regardless of race, colour, religion, national origin, gender, sexual orientation, age or background or disability, and we have a zero-tolerance policy towards discrimination or harassment in any form. If an employee becomes disabled every effort is made to retain them and, if necessary, re-train them for appropriate roles or alter their working environment.

### **Employee involvement**

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through the newsletter in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

# **SGS Cambridge Limited**

## **Directors' report**

### **Directors**

The Directors who served the Company during the year and thereafter, unless otherwise stated, were as follows:

MJ Hanson	(resigned 18 September 2020)
M Carnegie-Brown	(resigned 6 January 2021)
SFA Horder	(resigned 6 January 2021)
J McGurk	(appointed 6 January 2021)
M Boyd	(appointed 6 January 2021)

The Directors ensure that they comply with their duty to promote the success of the Company for the benefit of its members by ensuring frequent dialogue with Spectris Plc and by ensuring compliance with Group wide policies.

### **Directors' indemnities**

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Approved by the Board and signed on its behalf by:



M Boyd  
Director

30 June 2021

## **SGS Cambridge Limited**

### **Directors' responsibilities statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## SGS Cambridge Limited

### Income statement

For the year ended 31 December 2020

		2020	2020	2020	2019	2019	2019
	Note	Continuing operations £	Discontinued operations £	Total £	Continuing operation £	Discontinued operations £	Total £
<b>Revenue</b>	4	5,728,308	1,699,924	7,428,231	13,102,549	2,552,283	15,654,832
Cost of sales		(3,961,156)	(1,017,972)	(4,979,128)	(10,302,205)	(1,531,546)	(11,833,751)
<b>Gross profit</b>		1,767,152	681,952	2,449,104	2,800,344	1,020,737	3,821,081
Distribution costs		(221,682)	-	(221,682)	(641,182)	(641,182)	(641,182)
Administrative expenses		(2,567,850)	(1,360,444)	(3,928,294)	(16,328,101)	(1,242,558)	(17,570,659)
Administrative expenses excluding non-underlying items		(2,479,043)	(1,360,444)	(3,839,487)	(6,006,958)	(1,242,558)	(7,249,516)
Non-underlying items	5	(88,807)	-	(88,807)	(10,321,143)	-	(10,321,143)
Other operating income		-	33,750	33,750	-	20,295	20,295
Impairment of goodwill	12	-	-	-	(184,602)	-	(184,602)
<b>Operating loss</b>	6	(1,022,380)	(644,742)	(1,667,122)	(14,353,541)	(201,526)	(14,555,067)
Income from shares in group undertakings		440,050	-	440,050	-	-	-
Interest payable and similar expenses	9	(205,083)	(52,434)	(257,517)	(272,352)	(27,636)	(299,988)
<b>Loss before taxation</b>		(787,413)	(697,176)	(1,484,589)	(14,625,893)	(229,162)	(14,855,055)
Tax on loss	10	(414,951)	-	(414,951)	2,524,639	-	2,524,639
<b>Loss for the financial year</b>		<u>(1,202,364)</u>	<u>(697,176)</u>	<u>(1,899,540)</u>	<u>(12,101,254)</u>	<u>(229,162)</u>	<u>(12,330,416)</u>

There were no items of other comprehensive income in the current or prior year other than the loss shown above. No separate statement of total comprehensive income has therefore been presented.

Notes to the financial statements are on pages 12 to 29.

## SGS Cambridge Limited

### Statement of changes in equity For the year ended 31 December 2020

	Called-up share capital £	Share premium £	Profit and loss account £	Total equity £
As at 1 January 2019	47,458	428,502	(2,754,136)	(2,278,176)
Total comprehensive loss for the year	-	-	(12,330,416)	(12,330,416)
As at 31 December 2019 and 1 January 2020	47,458	428,502	(15,084,552)	(14,608,592)
Total comprehensive loss for the year	-	-	(1,899,540)	(1,899,538)
Transactions with owners in their capacity as owners:				
Issue of shares	19,231,568	-	-	19,231,568
Capital reduction	(19,062,201)	-	19,062,201	-
Dividends	-	-	(1,314,572)	(1,314,572)
As at 31 December 2020	216,825	428,502	763,537	1,408,864

# SGS Cambridge Limited

## Statement of financial position

As at 31 December 2020

	Note	2020 £	£	2019 £	£
<b>Non current assets</b>					
Intangible assets	12	-	-	2	2
Property, plant and equipment	13	2,093,963		3,835,570	
Deferred tax assets	19	485,077		722,468	
		<u>2,579,040</u>		<u>4,558,040</u>	
<b>Current assets</b>					
Inventories	15	293,441		475,287	
Trade and other receivables	16	1,446,419		4,568,285	
Cash at bank and in hand		270,870		414,618	
		<u>2,010,730</u>		<u>5,458,190</u>	
<b>Current liabilities</b>					
Trade and other payables	17	(2,322,878)		(19,841,279)	
Lease liabilities	23	(238,063)		(601,669)	
		<u>(2,560,941)</u>		<u>(20,442,948)</u>	
<b>Net current (liabilities)</b>			<u>(550,211)</u>		<u>(14,984,758)</u>
<b>Total assets less current liabilities</b>			<u>2,028,829</u>		<u>(10,426,718)</u>
<b>Creditors: amounts falling due after one year</b>					
Lease liabilities	23	(540,998)		(2,208,936)	
Other provisions	20	(78,967)		(1,972,938)	
		<u>(619,965)</u>		<u>(4,181,874)</u>	
<b>Net assets/(liabilities)</b>			<u><u>1,408,864</u></u>		<u><u>(14,608,592)</u></u>
<b>Capital and reserves</b>					
Called-up share capital	24	216,825		47,458	
Share premium	25	428,502		428,502	
Profit and loss account	25	763,537		(15,084,552)	
<b>Shareholders' funds/(deficit)</b>			<u><u>1,408,864</u></u>		<u><u>(14,608,592)</u></u>

For the financial year in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. Registered number: 02514788. The financial statements of SGS Cambridge (formerly Concept Life Sciences Analytical & Development Services Limited) were approved by the board of Directors and authorised for issue on 30 June 2021. They were signed on its behalf by:



M Boyd

Director

# SGS Cambridge Limited

## Statement of financial position

As at 31 December 2020

### 1. Accounting policies

SGS Cambridge Limited (the “Company”) is a Company incorporated and domiciled in England in the UK. The registered address is Rossmore Business Park, Ellesmere Port, CH65 3EN. The Company is a private Company and is limited by shares.

#### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, Spectris plc includes the Company in its consolidated financial statements. The consolidated financial statements of Spectris plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and are available to the public as set out in note 23.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosure in respect of capital management;
- Impairment of assets;
- Presentation of comparative information in respect of certain assets; and
- The effect of new but not yet effective IFRSs.

As the consolidated financial statements of Spectris plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 share-based payments in respect of group settled share-based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments Disclosures.

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

The financial statements are prepared on the historical cost basis.

These financial statements are presented in pounds sterling.

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Company is exempt by virtue of s400 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.

## **SGS Cambridge Limited**

### **Statement of financial position**

**As at 31 December 2020**

#### **1. Accounting policies (continued)**

The Company's business activities, together with the factors likely to affect its future development, position and strategy, are set out in the Strategic Report on pages 4 and 5.

#### **Going concern**

The company's business activities, together with its performance are set out in the directors report.

Based on internal forecasts and projections that take into account a reasonable range of possible trading performance, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook, especially with reference to the net asset and net current asset position of the company.

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

The directors have considered any impacts on the UK's exit from the EU and concluded due to the large client mix and the varying service portfolio, the directors have no concerns of any significant impact on the future of the business.

The COVID-19 pandemic had developed rapidly in 2020, however the resulting impact of the virus on the operations and measures taken by various governments have had an insignificant impact on the company's results for the period. We therefore consider COVID-19 is not expected to have a significant impact on the entity. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects there may be some future impact from COVID-19, though not significant. We have considered the Company's current financial position and have reassessed the reasonableness of their trading and cash flow forecasts for the 12 months following the date of approval of these financial statements. Having considered the circumstances we are satisfied that the Company has sufficient liquidity and options within its control to mitigate any reduction or delay in revenues.

#### **Revenue**

Revenue is measured based on the fair value of the consideration specified in a contract with a customer and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

The Company recognises revenue when it transfers control of a service to a customer.

- If the transfer of control can be reliably measured by reference to completion of the specific performance obligation, the revenue associated with the component will be recognised. As a result, the revenue for all transactions which can be estimated on a reliable basis corresponds to the revenue agreed in the contract, adjusted by the stage of completion of the work performed.
- If the outcome of a transaction involving the rendering of services cannot be measured reliably, revenue will only be recognised to the extent of the incurred expenses as long as they are deemed to be recoverable.

Expected losses are recognised when it is probable that total contract costs will exceed total contract revenue. The expected loss is recognised as an expense immediately.

The stage of completion of an analysis is determined by the services performed to date as a percentage of the total analysis to be performed. Revenue for the majority of analysis is recognised at a point in time, upon issue of the final customer report. Occasionally, where analysis is more complex, revenue will be recognised over time in line with percentage completion.

# SGS Cambridge Limited

## Statement of financial position

As at 31 December 2020

### 1. Accounting policies (continued)

#### Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the technical and commercial feasibility of the project has been demonstrated, the future economic benefits are probable, the Company has an intention and ability to complete and use or sell the asset and the costs can be measured reliably. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Company is expected to benefit. Provision is made for any impairment.

#### Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill	5% straight line
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#### Property, plant and equipment

##### *Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost represents purchase price together with any incidental costs of acquisition. Where parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items of property, plant and equipment.

##### *Depreciation*

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Short leasehold land and buildings	20% reducing balance and 15 years straight line
Plant and machinery	20% reducing balance
Fixtures and fittings	20% reducing balance and 15 years straight line

##### *Leased assets*

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangement in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise: fixed lease payments (including in substance fixed payments), less any lease incentives; variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; the amount expected to be payable by the lessee under residual value guarantees; the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 (see note 17).

## **SGS Cambridge Limited**

### **Statement of financial position**

**As at 31 December 2020**

#### **1. Accounting policies (continued)**

##### ***Leased assets (continued)***

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever: the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or a lease contract is modified, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

##### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are stated at historical cost less provisions for impairment losses.

##### **Inventories**

Raw materials are stated at the lower amount between cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and includes expenditure incurred in acquiring the inventories, production or conversion costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

##### **Pension costs**

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year. The assets of the scheme are held separately from those of the Company in an independently administered fund.

##### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax.

##### ***Current tax***

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

##### ***Deferred tax***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences in respect of the initial recognition of assets and liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

##### **Foreign currencies**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

## **SGS Cambridge Limited**

### **Statement of financial position**

**As at 31 December 2020**

#### **1. Accounting policies (continued)**

##### **Financial instruments (continued)**

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### **Trade and other receivables**

Adjustments made to revenue to ensure that revenue is recognised in line with the percentage completion are recorded as amounts recoverable on contracts within receivables.

Trade receivables are recognised at amortised cost less impairment losses. A provision impairment of receivables is based on lifetime expected credit losses. Lifetime expected credit losses are calculated by assessing historic credit loss experience, adjusted for factors specific to the receivable. The movement in the provision is recognised in the income statement.

##### **Trade and other payables**

Trade and other payables are non-interest-bearing and are stated at their cost.

##### **Provisions**

A provision is recognised in the statement of financial position when the Company has a present, legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably.

##### **Interest payable and similar expenses**

Interest payable and similar expenses comprise interest payable on bank borrowings, interest on lease liabilities arising from IFRS 16 and interest on obligations under finance leases. Interest payable and similar expenses are recognised in the income statement on an effective interest method.

##### **Interest receivable and similar income**

Interest receivable and similar income comprise interest receivable on funds invested. Interest receivable is recognised in the income statement on an effective interest method.

##### **Non-underlying items**

Non-underlying items are those items that are unusual because of their size, nature or incidence, or that the Directors consider should be disclosed separately to enable a full understanding of the Company's results. Non-underlying items have been presented separately on the face of the income statement. The Directors consider that this presentation gives a more accurate presentation of the results of the Company.



## SGS Cambridge Limited

### Statement of financial position

As at 31 December 2020

#### 1. Accounting policies (continued)

##### Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimation of the closure provision involves a level of judgement specifically with regards to the potential dilapidations required and the costs associated with empty properties as the level of provision is dependent upon the period of time the liability remains with the Company. The liability is with the Company unless and until an agreement can be made with the landlord. This factor is outside of the Company's control and so a best estimate must be made.

The Directors do not consider that the company has any further judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

#### 2. Transfer of Trade and Assets

On 1 October 2020, the company disposed of a division of its trade and assets to CLS Analytics Limited.

The fair value to the company of the trade and assets disposed of is shown below:

	<b>Fair value</b> <b>£</b>
Property, plant and equipment	1,560,520
Inventories	71,304
Trade and other receivables	562,714
Trade and other payables	(270,629)
Dilapidations provision	(48,155)
Lease liabilities	(561,182)
	<hr/>
Net assets disposed	<u>1,314,572</u>

The above net assets were disposed of for cash consideration of £1,314,572.

## SGS Cambridge Limited

### Statement of financial position

As at 31 December 2020

#### 3. Revenue

The revenue is attributable to the one principal activity of the Company. All revenue arises from services rendered.

An analysis of revenue is given below:

	2020 Total	2019 Total
	£	£
United Kingdom	6,415,627	14,000,268
Rest of the World	1,012,604	1,654,564
	<u>7,428,231</u>	<u>15,654,832</u>

#### 4. Discontinued operations

On 1 October 2020, the company disposed of part of its business to CLS Analytics Limited, for cash consideration of £1,314,572. Disclosure of balances that relate to continuing and discontinued operations can be found in the Income Statement.

#### 5. Non-underlying items

	2020 Total	2019 Total
	£	£
Redundancy and related	-	1,764,604
Property and related provisions	-	1,044,139
Inventory impairments	-	902,790
Impairment of property, plant, equipment and onerous leases	-	3,680,143
Other closure costs	-	1,143,423
Site decommissioning costs	-	435,267
Bad debt write off	-	210,112
Impairment of intercompany receivables	-	1,140,665
Legal fees on business separation	(88,807)	-
	<u>(88,807)</u>	<u>10,321,143</u>

On 30 July 2019, the ultimate parent undertaking, Spectris plc, announced its decision to exit the ADS Environmental business, which is included within Concept Life Sciences Analytical & Development Services Limited. The non-underlying items in the current year relate to the closure of the ADS Environmental business.

## SGS Cambridge Limited

### Statement of financial position

As at 31 December 2020

#### 6. Operating loss

Operating loss is stated after (crediting)/charging:

	2020 Total £	2019 Total £
Amortisation of government grants re property, plant and equipment	-	(45,926)
Research and development	-	375,000
Amortisation of goodwill	-	184,602
Inventory expensed in the year	1,257,165	2,812,802
Depreciation of property, plant and equipment	443,820	1,182,356
Depreciation of property, plant and equipment – right of use assets	352,523	762,549
Depreciation of assets held under hire purchase agreements	-	-
Operating lease costs:	-	-
- plant and machinery	-	-
- land and buildings	-	-
Expenses relating to short term and low-value leases	58,546	84,003
Net loss on foreign currency translation	5,011	15,553
Auditor's remuneration - auditing of the financial statements	-	40,000

No disclosure of non-audit fees is included as these are disclosed on a group basis in the Spectris plc financial statements.

#### 7. Employee information

The average monthly number of staff employed by the Company including Directors during the financial year amounted to:

	2020 No.	2019 No.
Operational	116	267
Sales	8	5
Administration	19	50
	143	322

The aggregate payroll costs of the above were:

	2020 Total £	2019 Total £
Wages and salaries	3,506,175	8,201,362
Social security costs	476,389	456,839
Other pension costs	131,210	148,757
	4,113,773	8,806,958

## SGS Cambridge Limited

### Statement of financial position

As at 31 December 2020

#### 8. Directors' remuneration

The Directors' aggregate remuneration in respect of qualifying services was:	2020 £	2019 £
Remuneration receivable	-	-

The Directors of the Company were remunerated by Concept Life Sciences (Midco) Limited. It is not practicable to allocate their remuneration between their services to group companies.

#### 9. Interest payable and similar expenses

	2020 Total £	2019 Total £
Interest payable on bank loans and overdrafts	-	1,785
Interest to other group companies	199,476	138,759
Other interest	-	6,806
Interest on lease liabilities	58,041	152,638
	<u>257,517</u>	<u>299,988</u>

#### 10. Tax on loss

Analysis of tax comprises:	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax	-	(2,354,763)
Adjustments in respect of prior years	177,560	266,464
<b>Total current tax charge/(credit)</b>	<u>177,560</u>	<u>(2,088,299)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	417,506	(187,818)
Effect of changes in tax rate	(95,009)	-
Adjustments in respect of prior years	(85,106)	(248,522)
<b>Total deferred tax credit</b>	<u>237,391</u>	<u>(436,340)</u>
<b>Total tax charge/(credit) for the year</b>	<u>414,951</u>	<u>(2,524,639)</u>

The tax charge/(credit) in the profit and loss account for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

## SGS Cambridge Limited

### Statement of financial position

As at 31 December 2020

#### 10. Tax on loss (continued)

	2020 £	2019 £
Loss before taxation	(1,484,589)	(14,855,055)
Corporation tax at standard rate of 19% (2019: 19%)	(282,072)	(2,822,460)
<i>Effects of:</i>		
Non-taxable income and gains	(78,504)	-
Non-deductible expenditure	-	257,783
Other current year items	-	22,096
Change in tax rates	(95,009)	-
Group relief for nil consideration	778,082	-
Adjustments to prior year current and deferred tax charges	92,454	17,942
<b>Total tax charge/(credit) for the year</b>	<b>414,951</b>	<b>(2,524,639)</b>

The tax credit in the statement of changes in equity comprises:

	2020 £	2019 £
Adoption of IFRS16	-	(22,503)
Total deferred tax credit to the statement of changes in equity	-	(22,503)

#### Change in the corporation tax rate

It was announced in the Budget 2021 that corporation tax rates will increase from 19% to 25% (effective from 1 April 2023). This legislation was not substantively enacted at 31 December 2020 and so deferred tax has been calculated at the current rate of 19%. The impact of this 6% rate increase on the deferred tax balance at 31 December 2020 would be to increase the deferred tax asset by £153,000.

#### 11. Dividends

## SGS Cambridge Limited

### Statement of financial position

As at 31 December 2020

	2020 £	2019 £
<i>Interim dividends paid:</i>		
Ordinary shares	<u>1,314,572</u>	<u>-</u>

Dividends were paid in the year at a rate of £0.00027 (2019: £nil) per share.

#### 12. Intangible fixed assets

	Goodwill £
<b>Cost</b>	
As at 1 January 2020	671,282
Disposal	(671,282)
	<hr/>
As at 31 December 2020	-
	<hr/>
<b>Amortisation</b>	
As at 1 January 2020	671,280
On disposals	(671,280)
	<hr/>
As at 31 December 2020	-
	<hr/>
<b>Net book value</b>	
As at 31 December 2020	-
	<hr/>
As at 31 December 2019	<u>2</u>

On 30 July 2019, the ultimate parent undertaking, Spectris plc, announced its decision to exit the ADS Environmental business, which is included within Concept Life Sciences Analytical & Development Services Limited. As a result of the closure of the ADS Environmental laboratory at Braintree, the intangible asset relating to goodwill from the Braintree site has been fully impaired to nil net book value.

## SGS Cambridge Limited

### Statement of financial position

As at 31 December 2020

#### 13. Property, plant and equipment

	Short leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Plant and equipment - Right of use £	Property – Right of use £	Total £
<b>Cost</b>						
As at 31 December 2019	1,160,611	3,046,112	604,267	1,039,479	3,273,988	9,124,457
Additions	-	542,539	-	98,884	-	657,011
Disposals	(96,618)	(2,266,528)	(276,351)	(272,955)	(728,240)	(3,640,692)
As at 31 December 2020	<u>1,063,993</u>	<u>1,322,123</u>	<u>327,916</u>	<u>865,408</u>	<u>2,545,748</u>	<u>6,140,776</u>
<b>Depreciation</b>						
As at 31 December 2019	943,951	1,325,919	333,404	687,950	1,997,663	5,288,887
Charge for the year	50,553	353,181	40,087	141,031	211,492	796,343
On disposals	(36,300)	(1,378,800)	(195,937)	(131,036)	(278,346)	(2,020,419)
As at 31 December 2020	<u>958,204</u>	<u>300,300</u>	<u>177,554</u>	<u>697,945</u>	<u>1,930,809</u>	<u>4,064,811</u>
<b>Net book value</b>						
As at 31 December 2020	<u>105,789</u>	<u>1,021,823</u>	<u>150,362</u>	<u>201,053</u>	<u>614,939</u>	<u>2,093,965</u>
As at 31 December 2019	<u>216,660</u>	<u>1,720,193</u>	<u>270,863</u>	<u>351,529</u>	<u>1,276,325</u>	<u>3,835,570</u>

## SGS Cambridge Limited

### Statement of financial position

As at 31 December 2020

#### 14. Investments in subsidiaries

	£
<b>Cost</b>	
As at 1 January 2020 and as at 31 December 2020	552,999
<b>Impairment</b>	
As at 1 January 2020 and as at 31 December 2020	552,999
<b>Net book value</b>	
As at 31 December 2019 and as at 31 December 2020	-

The Company holds 100% of the issued share capital of the following companies:

	Country of incorporation	Principal activity	Class
SAL Laboratories Limited	Northern Ireland	Dormant	Ordinary
SAL Food Limited	England and Wales	Dormant	Ordinary
Scientific Analysis Laboratories Limited	England and Wales	Active non-trading	Ordinary

All subsidiaries are registered in the United Kingdom. SAL Foods and Scientific Analysis Laboratories Limited have a registered office of Heritage house, church Road, Egham, TW20 9QD. SAL Laboratories Limited has a registered office of 69a Killyman Street, Moy, Co Tyrone, BT71 1EA.

#### 15. Inventories

	2020 £	2019 £
Raw materials	293,442	475,287
Work in progress	-	-
	<u>293,442</u>	<u>475,287</u>

The cost of inventory recognised as an expense and included in cost of sales for the year ended 31 December 2020 was £1,257,165 (2019: £2,812,802).



## SGS Cambridge Limited

### Statement of financial position

As at 31 December 2020

#### 16. Receivables

	2020 £	2019 £
Trade receivables	1,240,948	1,857,595
Amounts owed by parent undertaking	17,999	-
Amounts owed by fellow subsidiaries	99,089	-
Corporation tax – due from group relief	-	2,354,763
R&D credit receivable	-	91,033
Other receivables	88,385	-
Prepayments	-	264,894
Accrued income	-	-
	<u>1,446,419</u>	<u>4,568,285</u>

Amounts owed by fellow subsidiary undertakings were fully impaired in 2019.

#### 17. Trade and other payables

	2020 £	2019 £
Obligations under hire purchase contracts	-	-
Trade payables	319,269	579,715
Loan owed to parent undertaking	-	7,858,728
Amounts owed to parent undertaking	-	3,744,829
Amounts owed to fellow subsidiaries	1,379,410	6,569,814
Other taxes and social security	147,503	402,002
Accruals and deferred income	77,764	686,191
	<u>1,923,946</u>	<u>19,841,279</u>

Included in amounts owed to group undertakings are amounts owed to the parent company of £nil (2019: £3,744,829) which accrue interest daily at three-month LIBOR plus 2.0%. There is no maturity date. Amounts owed to fellow subsidiary undertakings are repayable upon demand. No interest is charged and they are not secured.

The following liabilities disclosed under creditors falling due within one year are secured by the Company:

	2020 £	2019 £
Hire purchase agreements	<u>-</u>	<u>-</u>

Hire purchase agreements are secured on the assets so financed.

## SGS Cambridge Limited

### Statement of financial position

As at 31 December 2020

#### 18. Trade and other payables due after more than one year

	2020 £	2019 £
Other payables	-	-
Hire purchase agreements	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the Company:

	2020 £	2019 £
Hire purchase contracts	-	-
	<u>-</u>	<u>-</u>

Hire purchase agreements are secured on the assets so financed.

The Company's liabilities under hire purchase agreements are analysed under IAS 17 as follows:

	Minimum lease payments 2020 £	Present value of minimum lease payments 2020 £	Minimum lease payments 2019 £	Present value of minimum lease payments 2019 £
<b>Amounts payable under hire purchase agreements:</b>				
Within one year	-	-	293,957	250,534
In the second to fifth years inclusive	-	-	399,401	401,081
	<u>-</u>	<u>-</u>	<u>693,358</u>	<u>651,615</u>

The finance leases are either 3 or 5 years. For the year ended 31 December 2019, the average effective borrowing rate was 12%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling.

## SGS Cambridge Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 19. Deferred taxation

The movement in the deferred taxation asset during the year was:

	2020 £	2019 £
As at 1 January	722,468	263,625
Income statement movement arising during the year	(417,506)	436,340
Deferred tax on adoption of IFRS 16 recognised directly in the statement of changes in equity	-	22,503
Change in tax rates	95,009	-
Adjustment in respect of prior years	85,106	-
As at 31 December	<u>485,077</u>	<u>722,468</u>

The deferred taxation asset consists of the tax effect of timing differences in respect of:

	2020 £	2019 £
Temporary differences relating to tangible assets	465,838	702,693
Temporary differences relating to other items	19,239	19,775
	<u>485,077</u>	<u>722,468</u>

#### 20. Other provisions

	Closure £	Dilapidation £	Total £
At 1 January 2020	1,845,816	127,122	1,972,938
Charge for the year	(1,001,528)	-	(1,001,528)
Transferred out	(844,288)	(48,155)	(892,443)
As at 31 December 2020	<u>-</u>	<u>78,967</u>	<u>78,967</u>

The closure provision relates to the best estimates of the expected liabilities for closure costs related to the ADS Environmental business which was based out of the Manchester, East Kilbride and Braintree sites. These sites were closed during the prior year. The provision relates to closure costs including dilapidations, business rates on vacant properties, professional fees and other closure costs. The provision is expected to be utilised over the next five years.

The dilapidation provision relates to potential liabilities for dilapidations on leased properties at the point of exit. The provision relates to non closure sites and is expected to be utilised over the next 5 years.

During 2020 the leases for some of the properties were transferred to other group companies, along with the provisions.

# SGS Cambridge Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 21. Government grants

The movement in government grants during the year was:

	2020 £	2019 £
<b>Received and receivable</b>		
As at 31 December	-	97,058
<b>Amortisation</b>		
As at 1 January	-	51,132
Credit to income statement	-	45,926
As at 31 December	-	97,058
Net balance as at 31 December	-	-

### 22. Capital commitments

The Company has capital commitments of £nil as at 31 December 2020 (2019: £nil).

### 23. Lease liabilities

The disclosure as at the 31 December 2020 shows the undiscounted lease liability maturity analysis under IFRS 16.

	2020 £	2019 £
Amounts falling due within one year	238,063	601,669
Amounts falling due after more than one year	540,998	2,208,936
	779,061	2,810,605

The disclosure as at the 31 December 2019 shows the undiscounted lease liability maturity analysis under IFRS 16.

	Property – Right of use 2020 £	Plant and equipment – Right of use 2020 £	Total 2020 £
Amounts falling due within one year	103,523	118,243	221,496
Amounts falling due after more than one year	533,374	69,309	602,783
	636,727	187,553	824,279

## SGS Cambridge Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

	Property – Right of use 2019 £	Plant and equipment – Right of use 2019 £	Total 2019 £
Less than one year	508,253	191,521	699,774
Between one and five years	1,866,812	203,046	2,069,858
After more than 5 years	434,577	-	434,577
	<u>2,809,642</u>	<u>394,567</u>	<u>3,204,209</u>

#### 23. Lease liabilities (continued)

#### 24. Called-up share capital

	2020 No.	2020 £	2019 No.	2019 £
<b>Allotted, called-up and fully-paid</b>				
Ordinary shares of £0.00004 each	4,935,746,559	216,825	-	-
A ordinary shares of £0.00391 each	-	-	11,116,501	43,421
B ordinary shares of £0.00391 each	-	-	1,033,512	4,037
	<u>4,935,746,559</u>	<u>216,825</u>	<u>12,150,013</u>	<u>47,458</u>

On 22 June 2020, the A ordinary and B ordinary shares were amalgamated and have had their rights varied so that they all rank pari passu having full rights in the company with regard to voting, dividends and capital distribution.

On 23 October 2020, the company allotted 43,360,727 ordinary shares of £0.00391 each.

On 23 October 2020, the company allotted 4,880,235,819 ordinary shares of £0.00391 each.

On 27 October 2020, a special resolution was passed to reduce the nominal value of the ordinary shares to £0.00004 per share. At this time paid up capital in the sum of £0.00386 per share was cancelled and transferred to the profit and loss account reserve.

#### 25. Reserves

##### *Share premium*

Consideration received for shares issued above their nominal value net of transaction costs.

##### *Profit and loss account*

Cumulative profit and loss net of distributions to owners.

#### 26. Defined contribution pension scheme

The Company operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £98,234 (2019: £148,757).

## **SGS Cambridge Limited**

### **Notes to the financial statements (continued)**

**For the year ended 31 December 2020**

The amount owed to the scheme at the year-end was £11,083 (2019: £5,410).

#### **27. Ultimate parent and controlling party**

At 31 December 2020, Spectris plc, a Company listed on the London Stock Exchange is the ultimate controlling party by virtue of its 100% holding in the issued share capital of Concept Life Sciences (Holdings) Limited.

Spectris plc, is the largest and smallest group in which the results of the Company are consolidated. The consolidated accounts of this Company may be obtained from its' registered address at Spectris plc, Heritage House, Church Road, Egham, Surrey, TW20 9QD. Post year end the company was acquired by SGS Holding UK Ltd whose ultimate parent company and controlling party is SGS SA, a company incorporated in Switzerland. The registered office of SGS SA is 1 Place des Alpes, B.P.2152, CH-1211 Geneve 1, Switzerland.

#### **28. Post balance sheet events**

On 5 January 2021 the company was acquired by SGS Holding UK Ltd.