

Science (UK) Limited

Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 03426602

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Science (UK) Limited

Company Information

Directors	D S Hirst H M Allan J Beard
Registered number	03426602
Registered office	14 Welbeck Street London W1G 9XU
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Science (UK) Limited

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Science (UK) Limited

Strategic report For the Year Ended 31 December 2017

Business review

The Company provides services to the parent company, Science Limited. The Company's activity is therefore linked to the Science Group. The profitability of the Company is dependent on the level of activity and the services provided during the year. The directors are satisfied with this level of profitability and the ability to continue to provide these services in future years.

On 31 December 2017, the trade and assets of 4 of the company's fellow subsidiaries (Victor Mara Limited, Resign Limited, Arcane Restaurants Limited and Other Criteria Limited) were hived across to Science (UK) Limited at net book value. From that date, those fellow subsidiaries ceased to trade.

Future developments

The Company is funded by working capital from the parent company and the future development the Company is dependent on the health of the international contemporary art market. The continued growth year on year of the international contemporary art market shows no signs of abating and the general market consensus is that the market will continue to grow in the coming years. This will allow the Company to continue to expand its services to the other group companies whose principal activities remain within this field.

Financial risk management objectives and policies

Foreign currency fluctuation is the main financial risk for the Company as currency movements can impact on expenditure as certain costs are in Euros and Dollars.

There are minimal cash flow risks to the Company as it is funded by its parent who is its sole customer. The Company's parent has agreed to continue to support the company for a period of at least one year from the date of signing these accounts. The Company is also exposed to risk of certain commodity prices that it uses in the production of contemporary art. These include bronze, gold and silver.

Financial key performance indicators

As the Company has one principal customer, its parent company, the Company directors are of the opinion that any analysis using Key Performance Indicators of the business is not necessary for the understanding of the development performance and operation of the business.

This report was approved by the board on 28.9.18. and signed on its behalf,



H M Allan
Director

Science (UK) Limited

Directors' report For the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the Company during the year was that of the provision of management services and production of artworks.

On 31 December 2017, the trade and assets of 4 of the company's fellow subsidiaries (Victor Mara Limited, Resign Limited, Arcane Restaurants Limited and Other Criteria Limited) were hived across to Science (UK) Limited at net book value. From that date, those fellow subsidiaries ceased to trade.

Results and dividends

The profit for the year, after taxation, amounted to £1,209,083 (2016 - £774,663).

No dividends were paid or proposed in the current or prior year.

The directors who served during the year were:

D S Hirst
J C Kelly (resigned 31 July 2017)
H M Allan
J Tyrrell (resigned 31 May 2017)
J Beard
S Park (resigned 1 April 2017)

Future developments

The Company's future developments and business review are shown in the Strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

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

This report was approved by the board on 28.9.18 and signed on its behalf,



H M Allan
Director

Science (UK) Limited

Directors' responsibilities statement For the Year Ended 31 December 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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; 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.

Science (UK) Limited

Independent auditor's report to the members of Science (UK) Limited

Opinion

We have audited the financial statements of Science (UK) Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Science (UK) Limited

Independent auditor's report to the members of Science (UK) Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and 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

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 Directors' report.

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

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

Science (UK) Limited

Independent auditor's report to the members of Science (UK) Limited (continued)

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Anthony Perkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 28/9/18

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Science (UK) Limited

Statement of comprehensive income For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	67,827,429	21,916,855
Cost of sales		(51,072,173)	(10,080,483)
Gross profit		16,755,256	11,836,372
Administrative expenses		(15,230,573)	(10,760,343)
Operating profit	5	1,524,683	1,076,029
Interest payable and expenses	9	(1,480)	(12,643)
Profit before tax		1,523,203	1,063,386
Tax on profit	10	(314,120)	(288,723)
Profit for the financial year		1,209,083	774,663

All amounts relate to continuing operations.

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 11 to 23 form part of these financial statements.

Science (UK) Limited
Registered number: 03426602

Statement of financial position
As at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible fixed assets	11	21,417,365	951,125
Investment property	12	2,880,206	-
		<u>24,297,571</u>	<u>951,125</u>
Current assets			
Stocks	13	30,754,465	49,193,577
Debtors	14	7,876,229	3,788,518
Cash at bank and in hand	15	526,517	363,571
		<u>39,157,211</u>	<u>53,345,666</u>
Creditors: amounts falling due within one year	16	(6,456,164)	(2,457,852)
Net current assets		<u>32,701,047</u>	<u>50,887,814</u>
Total assets less current liabilities		<u>56,998,618</u>	<u>51,838,939</u>
Creditors: amounts falling due after more than one year	17	(53,496,927)	(49,546,331)
Net assets		<u><u>3,501,691</u></u>	<u><u>2,292,608</u></u>
Capital and reserves			
Called up share capital	19	50,000	50,000
Profit and loss account	20	3,451,691	2,242,608
		<u><u>3,501,691</u></u>	<u><u>2,292,608</u></u>

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


H M Allan
Director

27.9.18.

The notes on pages 11 to 23 form part of these financial statements.

Science (UK) Limited

Statement of changes in equity For the Year Ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	50,000	2,242,608	2,292,608
Comprehensive income for the year			
Profit for the year	-	1,209,083	1,209,083
Total comprehensive income for the year	-	1,209,083	1,209,083
At 31 December 2017	50,000	3,451,691	3,501,691

Statement of changes in equity For the Year Ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	50,000	1,467,945	1,517,945
Comprehensive income for the year			
Profit for the year	-	774,663	774,663
Total comprehensive income for the year	-	774,663	774,663
At 31 December 2016	50,000	2,242,608	2,292,608

The notes on pages 11 to 23 form part of these financial statements.

Science (UK) Limited

Statement of cash flows For the Year Ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	1,209,083	774,663
Adjustments for:		
Depreciation of tangible assets	297,323	309,369
Interest paid	1,480	12,643
Taxation charge	314,120	288,723
Increase in stocks	20,668,712	(18,169,747)
Increase in debtors	(3,559,354)	(2,134,918)
Increase in amounts owed by groups	(22,184)	(105,103)
Increase in creditors	3,250,771	61,355
(Decrease)/increase in amounts owed to groups	(21,356,812)	19,542,579
Corporation tax paid	(404,455)	(210,385)
Net cash generated from operating activities	398,684	369,179
Cash flows from investing activities		
Purchase of tangible fixed assets	(572,787)	(367,438)
Cash received on asset transfer	338,529	-
Net cash used in investing activities	(234,258)	(367,438)
Cash flows from financing activities		
Interest paid	(1,480)	(12,643)
Net cash used in financing activities	(1,480)	(12,643)
Net increase/(decrease) in cash and cash equivalents	162,946	(10,902)
Cash and cash equivalents at beginning of year	363,571	374,473
Cash and cash equivalents at the end of year	526,517	363,571
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	526,517	363,571
	526,517	363,571

The notes on pages 11 to 23 form part of these financial statements.

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

1. General information

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Science (UK) Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activities are set out in the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The Company has received a letter of support from its parent undertaking confirming that it will provide such support as necessary to enable the Company to meet its liabilities as they fall due. The directors therefore consider the Company to be a going concern and have prepared the financial statements on that basis.

The following principal accounting policies have been applied:

2.2 Turnover

Turnover comprise of cost on charged to the parent Company during the year, exclusive of Value Added Tax.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as shown below.

Depreciation is provided on the following bases:

Freehold property - buildings	- 50 years straight line
Leasehold improvements	- Over the period of the lease
Motor vehicles	- 25% straight line
Other fixed assets	- 10% to 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.4 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase, and includes labour and attributable overheads.

At each Balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its net realisable value. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.8 Financial instruments

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

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

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

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

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

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

2.9 Creditors

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

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within administrative expenses. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'administrative expenses'.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the period of the lease.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.14 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether there are any indicators of impairment in the company's stocks. Factors taken into consideration in reaching such a decision include the past and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

4. Turnover

The whole of the turnover is attributable to the principal activity.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	297,323	309,369
Exchange differences	33,338	54,075
Other operating lease rentals	2,045,264	1,878,690
Defined contribution pension cost	178,103	154,954
	<u>178,103</u>	<u>154,954</u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	47,573	14,500
	<u>47,573</u>	<u>14,500</u>

7. Employees

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

	2017 £	2016 £
Wages and salaries	7,500,462	6,416,928
Social security costs	908,768	768,243
Cost of defined contribution scheme	178,103	154,954
	<u>8,587,333</u>	<u>7,340,125</u>

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

	2017 No.	2016 No.
Employees	191	155
	<u>191</u>	<u>155</u>

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	817,297	1,768,455
Company contributions to defined contribution pension schemes	9,345	17,504
	<u>826,642</u>	<u>1,785,959</u>

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

The highest paid director received remuneration of £396,900 (2016: £914,700).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,969 (2016 - £15,000).

9. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	51	-
Other loan interest payable	-	1,116
Other interest payable	1,429	11,527
	<u>1,480</u>	<u>12,643</u>

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	316,144	278,199
Adjustments in respect of previous periods	(2,024)	10,524
Total current tax	<u>314,120</u>	<u>288,723</u>

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>1,523,203</u>	<u>1,063,386</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	293,217	212,678
Effects of:		
Fixed asset differences	10,564	1,248
Expenses not deductible for tax purposes	48,548	57,994
Adjustments to tax charge in respect of prior periods	(2,024)	10,526
Adjust closing deferred tax to average rate of 20.00%	4,070	11,378
Adjust opening deferred tax to average rate of 20.00%	(8,293)	(6,958)
Deferred tax not recognised	(31,962)	1,857
Total tax charge for the year	<u>314,120</u>	<u>288,723</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

11. Tangible fixed assets

	Freehold property £	Leasehold improvements £	Motor vehicles £	Other fixed assets £	Total £
Cost or valuation					
At 1 January 2017	-	57,852	207,992	2,072,870	2,338,714
Additions	-	83,221	46,223	443,343	572,787
Transfers intra group	19,822,336	616,156	-	2,776,395	23,214,887
At 31 December 2017	19,822,336	757,229	254,215	5,292,608	26,126,388
Depreciation					
At 1 January 2017	-	32,035	142,595	1,212,960	1,387,590
Charge for the year on owned assets	-	14,208	49,532	233,583	297,323
Transfers intra group	1,439,815	346,301	-	1,237,996	3,024,112
At 31 December 2017	1,439,815	392,544	192,127	2,684,539	4,709,025
Net book value					
At 31 December 2017	18,382,521	364,685	62,088	2,608,069	21,417,363
At 31 December 2016	-	25,818	65,398	859,911	951,127

The net book value of leasehold improvements may be further analysed as follows:

	2017 £	2016 £
Freehold	18,382,521	-
Long leasehold	364,686	25,817
	18,747,207	25,817

On 31 December 2017 the net book value of fixed assets from fellow subsidiaries Victor Mara Limited, Resign Limited, Arcane Restaurants Limited and Other Criteria Limited was transferred to Science (UK) Limited.

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

12. Investment property

	Freehold investment property £
Valuation	
Transfers intra group	2,880,206
At 31 December 2017	2,880,206
At 31 December 2017	

If the investment properties had been accounted for under the historical cost accounting rules, the properties would have been measured as follows:

	2017 £	2016 £
Historical cost	3,384,104	-
Accumulated depreciation and impairments	(464,916)	-
	2,919,188	-

Investment properties were transferred from Resign Limited as part of the transfer of trade and assets on 31 December 2017.

£2,560,000 of the above valuation is based on valuations completed by an independent expert in 2017.

The cross guarantee as disclosed in note 21 is secured against freehold and investment properties.

13. Stocks

	2017 £	2016 £
Raw materials and consumables	30,754,465	49,193,577

During the year, an impairment loss of £2,255,451 (2016: £545,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

14. Debtors

	2017 £	2016 £
Due after more than one year		
Amounts owed by group undertakings	127,287	105,103
	<u>127,287</u>	<u>105,103</u>
Due within one year		
Trade debtors	10,244	-
Other debtors	2,685,074	1,234,085
Prepayments and accrued income	5,053,624	2,449,330
	<u>7,876,229</u>	<u>3,788,518</u>

15. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	526,517	363,571
	<u>526,517</u>	<u>363,571</u>

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	607,420	1,151,441
Corporation tax	380,277	278,198
Other taxation and social security	509,130	220,348
Other creditors	301,677	23,162
Accruals and deferred income	4,657,660	784,703
	<u>6,456,164</u>	<u>2,457,852</u>

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

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

	2017 £	2016 £
Amounts owed to group undertakings	53,496,927	49,546,331
	<u>53,496,927</u>	<u>49,546,331</u>

The parent undertaking, Science Limited, has confirmed to the Company that the intercompany balance will be due for repayment only after a period of twelve months from the date of signing of these financial statements should the Company have sufficient funds available to make such repayment.

18. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	526,517	363,571
Financial assets that are debt instruments measured at amortised cost	380,356	198,276
	<u>906,873</u>	<u>561,847</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(59,037,392)	(51,482,784)
	<u>(59,037,392)</u>	<u>(51,482,784)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, other creditors and amounts owed to group undertakings.

19. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

Science (UK) Limited

Notes to the financial statements For the Year Ended 31 December 2017

20. Reserves

The Company has the following reserves:

Profit & loss account

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

21. Contingent liabilities

The Company is party to a cross guarantee with other companies in the group, in relation to the bank loan of Science Limited. At the year end the maximum exposure under this cross guarantee was £17,000,000 (2016: £11,000,000).

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £178,103 (2016: £154,954). Contributions totalling £21,156 (2016: £22,853) were payable to the fund at the Balance sheet date and are included in creditors.

23. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	832,377	1,841,511
Later than 1 year and not later than 5 years	2,567,541	2,078,619
Later than 5 years	2,650,000	-
	<u>6,049,918</u>	<u>3,920,130</u>

24. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 s.33.1A and not disclosed transactions with other group companies as the Company was a wholly owned subsidiary of Science Limited at the year end.

25. Controlling party

The immediate controlling party is Science Limited. Science Limited is the largest and smallest company in the group for which the consolidated financial statements are produced, and is incorporated in Jersey.

The ultimate controlling party is D S Hirst.