# Financial Statements

# Bioline Reagents Limited

**For the year ended 30 September 2017**

**Registered number: 04838884**

# Company Information

| | |
|---|---|
| **Directors** | Mr Marco Joseph Calzavara<br>Mr Alan Parker<br>Mr Richard Lee Eberly (resigned 20 January 2018)<br>Mr John Andrew Kraeutler (resigned 23 January 2018)<br>Miss Melissa Ann Lueke (appointed 26 January 2017)<br>Mr John Patrick Kenny (appointed 23 January 2018) |
| **Registered number** | 04838884 |
| **Registered office** | 16 The Edge Business Centre<br>London<br>NW2 6EW |
| **Independent auditor** | Grant Thornton UK LLP<br>Chartered Accountants & Senior Statutory Auditor<br>30 Finsbury Square<br>London<br>EC2A 1AG |

# Contents

# Strategic report

**For the year ended 30 September 2017**

## Business review

The principal activity of the Company during the year was the development and sale of reagents for molecular biology. Sales to Third party customers increased compared to the prior year by 6% (2016: 18%). The intercompany sales increased by 39% (2016: 4%). The Gross margin increased 10% compared to the prior year (2016: remained constant during the year).

## Principal risks and uncertainties

The Board has a policy of continuous identification and review of key business risks and uncertainties. It oversees the development of processes to ensure that those risks are managed appropriately and operational management are delegated with the task of implementing these processes and reporting to the Board on the outcome. The key risks identified by the Board are as follows:

**Dependence on key personnel**
The Company employs a number of senior professionals. A pro-active succession and development plan is in place to mitigate risk, but the loss of senior executives could affect the future success of the Company.

**Fluctuations of foreign currency exchange**
The Company has exposure to foreign currency movement in a number of currencies, but primarily the Euro and US Dollar. Within the group there is considerable natural hedging provided by the balance of revenue and cost exposure. The Company does not therefore currently formally enter into currency hedging transactions. This is kept constantly under review. However high volatility in currency markets could have a material impact on the performance of the Company.

**Adverse economic and market conditions**
Profitability is mainly dependent on spending within the healthcare and life science research areas. The company is therefore at risk due to changes in economic and market conditions.

The above risks are reviewed by the Board and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Company.

## Financial key performance indicators

A number of Key Performance Indicators (KPI's) are used by the Company in managing and monitoring business performance. Financial KPI's include turnover, gross margins as well as overall profitability.
Sales for the year were £10,128,851 (2016: £8,630,878), the gross margin was 71% (2016: 61%), the profit for the year was £1,531,882 (2016: £662,219).

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

**Mr Alan Parker**
Director

Date: 30 May 2018

# Directors' report

**For the year ended 30 September 2017**

The directors present their report and the financial statements for the year ended 30 September 2017.

## Principal activities

The principal activity of the Company during the year was the development and sale of reagents for molecular biology. There was a profit for the year, after taxation, amounted to £1,531,882 (2016 - £662,219). A dividend of £500,500 (2016: £399,000) was paid during the year.

## Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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;
- 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 to 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.

## Directors

The directors who served during the year were:

Mr Marco Joseph Calzavara
Mr Alan Parker
Mr Richard Lee Eberly (resigned 20 January 2018)
Mr John Andrew Kraeutler (resigned 23 January 2018)
Miss Melissa Ann Lueke (appointed 26 January 2017)

# Directors' report (continued)

**For the year ended 30 September 2017**

### Financial risk management

The Company has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and interest rate risk. The Company has very limited credit, price and cash flow risk as the Company is primarily a holding company for the European trading entities of the group headed by Meridian Bioscience, Inc ('Meridian Group').

Foreign exchange transactional currency exposure
The Group is exposed to currency exchange rate risk due to a significant proportion of its receivables and payables being denominated in non-Sterling currencies. The net exposure of each currency is monitored but as the Meridian Group has an immaterial net risk no active management, by way of foreign exchange contracts, of this risk is undertaken locally. This is constantly reviewed and natural hedging opportunities are aggressively followed.

Liquidity risk
The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating and investment income cash flows. The anticipated investment income of the company significantly exceeds its financial obligations. In addition the Company's primary obligations are to other companies within the Meridian Bioscience Group. In the event that the operating cash flows would not cover all the financial obligations there is an ability to negotiate amended terms and in the context of the Meridian Group as a whole the liabilities are not material.

Interest rate risk
The company borrows from other Meridian entities at arms length rates in line with the overall size of the Group. It has no external bank debt and therefore while there is some interest rate risk it is minimal given current market conditions.

### Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each director have taken all the steps that they ought to have taken as directors in order to make themselves 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.

# Directors' report (continued)

**For the year ended 30 September 2017**

### Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

Mr Alan Parker
Director

Date: 30 May 2018

Grant Thornton

# Independent auditor's report to the members of Bioline Reagents Limited

## Opinion

We have audited the financial statements of Bioline Reagents Limited for the year ended 30 September 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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 30 September 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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.

## 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.

Grant Thornton

# Independent auditor's report to the members of Bioline Reagents 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 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.

## Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

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.

Grant Thornton

# Independent auditor's report to the members of Bioline Reagents Limited (continued)

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 2, 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.

**Auditors' responsibilities for the audit of the financial statements**

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

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

UK LLP

Sergio Cardoso (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Senior Statutory Auditor
London

30 May 2018

# Statement of comprehensive income

**For the year ended 30 September 2017**

| | Note | 2017 £ | 2016 £ |
|---|---|---|---|
| Turnover | 4 | **10,128,851** | 8,630,878 |
| Cost of sales | | **(2,951,100)** | (3,365,374) |
| **Gross profit** | | **7,177,751** | 5,265,504 |
| Administrative expenses | | **(5,357,430)** | (4,299,460) |
| **Operating profit** | 6 | **1,820,321** | 966,044 |
| Interest receivable and similar income | | **1,407** | 177 |
| **Profit before tax** | | **1,821,728** | 966,221 |
| Tax on profit | 10 | **(289,846)** | (304,002) |
| **Profit for the financial year** | | **1,531,882** | 662,219 |
| **Total comprehensive income for the year** | | **1,531,882** | 662,219 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 11 to 24 form part of these financial statements.

**Bioline Reagents Limited**
**Registered number:04838884**

# Statement of financial position

**As at 30 September 2017**

| | Note | | 2017 £ | | As restated 2016 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 11 | | **79,569** | | 72,854 |
| Tangible assets | 12 | | **613,632** | | 508,095 |
| Investments | 13 | | **600** | | 600 |
| | | | **693,801** | | 581,549 |
| **Current assets** | | | | | |
| Stocks | 19 | **773,460** | | 655,805 | |
| Debtors: amounts falling due within one year | 14 | **1,704,271** | | 1,751,585 | |
| Cash at bank and in hand | 15 | **2,344,857** | | 2,320,649 | |
| | | **4,822,588** | | 4,728,039 | |
| Creditors: amounts falling due within one year | 16 | **(1,778,173)** | | (2,615,089) | |
| **Net current assets** | | | **3,044,415** | | 2,112,950 |
| **Total assets less current liabilities** | | | **3,738,216** | | 2,694,499 |
| **Provisions for liabilities** | | | | | |
| Deferred tax | 20 | **(63,576)** | | (51,241) | |
| | | | **(63,576)** | | (51,241) |
| **Net assets** | | | **3,674,640** | | 2,643,258 |
| **Capital and reserves** | | | | | |
| Called up share capital | 21 | | **700** | | 700 |
| Profit and loss account | 22 | | **3,673,940** | | 2,642,558 |
| **Shareholders' funds** | | | **3,674,640** | | 2,643,258 |

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

**Mr Alan Parker**
Director
Date: 30 May 2018

The notes on pages 11 to 24 form part of these financial statements.

# Statement of changes in equity
**For the year ended 30 September 2017**

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| At 1 October 2016 | 700 | 2,642,558 | 2,643,258 |
| **Comprehensive income for the year** | | | |
| Profit for the year | - | 1,531,882 | 1,531,882 |
| **Total comprehensive income for the year** | - | 1,531,882 | 1,531,882 |
| Dividends: Equity capital | - | (500,500) | (500,500) |
| **Total transactions with owners** | - | (500,500) | (500,500) |
| **At 30 September 2017** | 700 | 3,673,940 | 3,674,640 |

# Statement of changes in equity
**For the year ended 30 September 2016**

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| At 1 October 2015 - as restated | 700 | 2,379,339 | 2,380,039 |
| **Comprehensive income for the year** | | | |
| Profit for the year | - | 662,219 | 662,219 |
| **Total comprehensive income for the year** | - | 662,219 | 662,219 |
| Dividends: Equity capital | - | (399,000) | (399,000) |
| **Total transactions with owners** | - | (399,000) | (399,000) |
| **At 30 September 2016 - as restated** | 700 | 2,642,558 | 2,643,258 |

The notes on pages 11 to 24 form part of these financial statements.

# Notes to the financial statements

**For the year ended 30 September 2017**

## 1. Company information

Bioline Reagents Limited is a UK incorporated and domiciled entity and wholly owned subsidiary of Meridian Bioscience, Inc. the ultimate parent of the group. The immediate parent company is Meridian Bioscience International Limited.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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.

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

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The individual accounts of Bioline Reagents Limited have adopted the disclosure exemption from the requirement to present a statement of cashflows and related notes.

**Prior period restatement:**
Post year end, it was identified that the company owes an additional £439,792 to Bioline GmbH, a fellow group undertaking, in relation to historic transfer pricing adjustments relating to the years ended 30 September 2010 and 30 September 2011.

As a consequence of this amounts owed to group undertakings at 30 September 2016 have been re-stated to £1,492,091, previously this was £1,052,299 and the brought forward profit and loss accounts has been restated to £2,379,339, previously this was £2,819,131. Net assets have been reduced by £439,792, there was no impact on the Statement of Comprehensive Income.

The following principal accounting policies have been applied:

### 2.2 Going concern

The directors, based on their review of the cashflow forecasts for a period of not less than 12 months from the date of signing of the financial statements has assessed that the business and the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### 2.3 Turnover

Turnover is derived from sales of reagents and related products when the Company obtains the right to consideration, together with the provision of management, sales and marketing services to companies within Meridian Bioscience group of companies. Revenue is recognised from sales when the product is shipped and title has passed to the buyer. Revenue is measured net of any discount or rebates and value added tax. Service revenue is recognised on completion.

# Notes to the financial statements
**For the year ended 30 September 2017**

## 2. Accounting policies (continued)

### 2.4 Research and development

Research and development expenditure is written off in the year in which it is incurred.

### 2.5 Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | | |
|---|---|---|
| Patents | - | 10 years |
| License and Issuance Fees | - | 5 years |

### 2.6 Fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---|---|---|
| Leasehold improvements | - | Over lease term |
| Plant & machinery | - | 4 years |
| Fixtures & fittings | - | 4 years |

### 2.7 Investments in subsidiaries

Investments comprise investments in unquoted equity instruments which are measured at cost less accumulated impairment.

### 2.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Stock is valued using a standard costing system at the year end. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

### 2.9 Operating leases agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# Notes to the financial statements

**For the year ended 30 September 2017**

## 2. Accounting policies (continued)

### 2.10 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:
- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:
- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 2.11 Foreign currency translation

**Functional currency and presentation currency**

The financial statements of the entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position are presented in Sterling (£).

**Transactions and balances**

In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

# Notes to the financial statements

**For the year ended 30 September 2017**

## 2. Accounting policies (continued)

### 2.12 Financial instruments

The Company only enters into basic financial instruments 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 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.

### 2.13 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.

### 2.14 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.

# Notes to the financial statements
**For the year ended 30 September 2017**

## 2. Accounting policies (continued)

### 2.15 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.

### 2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

### 2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

### 2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

### 2.19 Related party transactions

The Company is exempt under FRS 102, section 33 from disclosing related party transactions between two or more members of the group, given that all subsidiaries which are party to the transaction are wholly owned by the group.

### 2.20 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 payments obligations.

The contributions are recognised as an expense in the Income statement 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.

# Notes to the financial statements

**For the year ended 30 September 2017**

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Significant judgements and estimates made include:

- There are no indicators of impairment of intangible fixed assets.
- Appropriate provision has been made against bad debts.
- Appropriate provision has been made against stocks.

## 4. Turnover

The whole of the turnover is attributable to sale of reagents for molecular biology.

All turnover arose within the United Kingdom.

## 5. Other operating charges

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Administrative expenses | **5,357,430** | 5,142,706 |

## 6. Operating profit

The operating profit is stated after charging:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Amortisation - intangible fixed assets | **21,945** | 32,182 |
| Depreciation of tangible fixed assets | **208,181** | 196,127 |
| Operating lease rentals - plant and machinery | **44,900** | 32,977 |
| Operating lease rentals - other operating lease | **304,050** | 257,515 |
| Difference on foreign exchange | **50,826** | (317,291) |

# Notes to the financial statements

**For the year ended 30 September 2017**

## 7. Auditor's remuneration

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | **25,600** | 25,000 |

**Fees payable to the Company's auditor and its associates in respect of:**

| | 2017 | 2016 |
|---|---|---|
| Taxation compliance services | **7,550** | 7,750 |

## 8. Staff costs

Staff costs were as follows:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Wages and salaries (including NI and pension costs) | **2,989,135** | 2,718,469 |

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

| | 2017 | 2016 |
|---|---|---|
| | No. | No. |
| Management | **2** | 3 |
| Sales and marketing | **17** | 22 |
| Production | **31** | 20 |
| Administration | **15** | 13 |
| | **65** | 58 |

## 9. Directors' remuneration

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Directors' emoluments | - | 30,984 |
| Company contributions to defined contribution pension schemes | - | 3,094 |

The highest paid director received remuneration of £NIL (2016 - £34,082).

The Directors are considered to be the key management personnel of the company.

# Notes to the financial statements
**For the year ended 30 September 2017**

## 10. Taxation

| | 2017 £ | 2016 £ |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | **285,800** | 215,874 |
| Adjustments in respect of previous periods | **(8,290)** | 73,512 |
| **Total current tax** | **277,510** | 289,386 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **12,336** | 14,616 |
| **Total deferred tax** | **12,336** | 14,616 |
| **Taxation on profit on ordinary activities** | **289,846** | 304,002 |

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.5% (2016 - 20.0%). The differences are explained below:

| | 2017 £ | 2016 £ |
|---|---|---|
| Profit on ordinary activities before tax | **1,821,728** | 966,221 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.5% (2016 - 20.0%) | **355,212** | 193,244 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **3,822** | 19,652 |
| Capital allowances for year in excess of depreciation | **-** | 77 |
| Adjustments to tax charge in respect of prior periods | **(8,290)** | 73,512 |
| Adjustments to tax charge in respect of prior periods - deferred tax | **7,047** | 10,429 |
| Other timing differences leading to an increase (decrease) in taxation | **(25,148)** | - |
| R&D expenditure credits | **(41,323)** | 16,131 |
| Group relief | **(1,474)** | - |
| Deferred tax movement | **-** | (9,043) |
| **Total tax charge for the year** | **289,846** | 304,002 |

# Notes to the financial statements

**For the year ended 30 September 2017**

## 11. Intangible assets

| | Patents<br>£ | Licences and Issuance Fees<br>£ | Total<br>£ |
|---|---|---|---|
| **Cost** | | | |
| At 1 October 2016 | **105,874** | **496,497** | **602,371** |
| Additions | **-** | **28,659** | **28,659** |
| At 30 September 2017 | **105,874** | **525,156** | **631,030** |
| **Amortisation** | | | |
| At 1 October 2016 | **75,919** | **453,598** | **529,517** |
| Charge for the year | **10,587** | **11,357** | **21,944** |
| At 30 September 2017 | **86,506** | **464,955** | **551,461** |
| **Net book value** | | | |
| At 30 September 2017 | **19,368** | **60,201** | **79,569** |
| At 30 September 2016 | 29,955 | 42,899 | 72,854 |

# Notes to the financial statements

**For the year ended 30 September 2017**

## 12. Tangible fixed assets

| | Plant & Equipment £ | Fixtures & fittings £ | Leasehold improvements £ | Total £ |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 October 2016 | 718,640 | 411,952 | 46,822 | 1,177,414 |
| Additions | 142,402 | 81,552 | 89,764 | 313,718 |
| At 30 September 2017 | 861,042 | 493,504 | 136,586 | 1,491,132 |
| **Depreciation** | | | | |
| At 1 October 2016 | 490,650 | 178,669 | - | 669,319 |
| Charge for the year on owned assets | 107,768 | 100,413 | - | 208,181 |
| At 30 September 2017 | 598,418 | 279,082 | - | 877,500 |
| **Net book value** | | | | |
| At 30 September 2017 | 262,624 | 214,422 | 136,586 | 613,632 |
| At 30 September 2016 | 227,990 | 233,283 | 46,822 | 508,095 |

## 13. Fixed asset investments

| | Investments in subsidiary companies £ |
|---|---|
| **Cost or valuation** | |
| At 1 October 2016 | 600 |
| At 30 September 2017 | 600 |
| **Net book value** | |
| At 30 September 2017 | 600 |
| At 30 September 2016 | 600 |

# Notes to the financial statements

**For the year ended 30 September 2017**

## 13. Fixed asset investments (continued)

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| Name | Country of incorporation | Holding | Address |
|---|---|---|---|
| Bioline Limited | United Kingdom | 100 % | Unit 12-14-15-16, Edge Business Centre, Humber Road, London, NW2 6EW, England |

## 14. Debtors

| | 2017 £ | 2016 £ |
|---|---|---|
| Trade debtors | **843,094** | 1,099,538 |
| Amounts owed by group undertakings | **552,039** | 394,415 |
| Other debtors | **7,207** | 7,207 |
| VAT repayable | **77,619** | - |
| Prepayments and accrued income | **224,312** | 250,425 |
| | **1,704,271** | 1,751,585 |

## 15. Cash and cash equivalents

| | 2017 £ | 2016 £ |
|---|---|---|
| Cash at bank and in hand | **2,344,857** | 2,320,649 |

## 16. Creditors: Amounts falling due within one year

| | 2017 £ | As restated 2016 £ |
|---|---|---|
| Trade creditors | **321,080** | 433,804 |
| Amounts owed to group undertakings | **889,100** | 1,492,091 |
| Corporation tax | **258,889** | 265,600 |
| Other taxation and social security | **105,779** | 111,445 |
| Accruals and deferred income | **203,325** | 312,149 |
| | **1,778,173** | 2,615,089 |

# Notes to the financial statements

**For the year ended 30 September 2017**

## 17. Financial instruments

| | 2017 £ | 2016 £ |
|---|---|---|
| **Financial assets** | | |
| Financial assets that are debt instruments measured at amortised cost | **3,824,816** | 3,821,809 |
| | **3,824,816** | 3,821,809 |
| **Financial liabilities** | | |
| Financial liabilities measured at amortised cost | **(1,413,505)** | (1,798,261) |
| | **(1,413,505)** | (1,798,261) |

## 18. Related party transactions

During the year, the Company paid £48,000 (2016: £60,000) to Barringham Limited, £48,000 (2016: £60,000) to Wakefore Limited and £23,598 (2016: £Nil) to Standard Life Trustee Company Limited, three companies controlled by Mr M Calzavara, a director of the Company, for the on-going lease of premises. No amounts were owed to these companies as at 31 December 2017 or 31 December 2016.

No other transactions with related parties were undertaken.

The directors are considered to be the key management personnel of the company, their remuneration is disclosed in note 9.

## 19. Stocks

| | 2017 £ | 2016 £ |
|---|---|---|
| Finished goods and goods for resale | **773,460** | 655,805 |

## 20. Deferred taxation

| | 2017 £ | 2016 £ |
|---|---|---|
| At beginning of year | **(51,241)** | (36,625) |
| Charged to profit or loss | **(12,336)** | (14,616) |
| **At end of year** | **(63,577)** | (51,241) |

# Notes to the financial statements
**For the year ended 30 September 2017**

## 20. Deferred taxation (continued)

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Accelerated capital allowances | **(70,076)** | (65,362) |
| Other timing differences | **6,499** | 14,121 |
| | **(63,577)** | (51,241) |

## 21. Share capital

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Allotted, called up and fully paid** | | |
| 700 Ordinary shares of £1 each | **700** | 700 |

## 22. Reserves

**Profit & loss account**

Includes all current and prior period retained profit and losses.

## 23. Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 30 September 2017 or 30 September 2016.

## 24. Capital commitments

The directors have confirmed that there were no capital commitments at 30 September 2017 or 30 September 2016.

## 25. Ultimate parent undertaking

The ultimate parent undertaking and controlling related party is Meridian Bioscience, Inc. a Company incorporated in the United States of America and quoted on the NASDAQ, which is also the parent undertaking of the largest and smallest group which consolidates the balance sheet and the results of the Company.

# Notes to the financial statements
**For the year ended 30 September 2017**

## 26. Dividends

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Dividends paid on equity capital | **500,500** | 399,000 |

## 27. Operating lease commitments

At 30 September 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Not later than 1 year | **348,950** | 286,280 |
| Between 2 and 5 years | **483,667** | 346,458 |
| | **832,617** | 632,738 |