

**Eurofins Water Hygiene Testing UK Limited (formerly  
Eurofins Acton Limited)**

**Directors' report and financial statements  
for the year ended 31 December 2017**

Registered No. 09805380

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# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Directors' report and financial statements for the year ended 31 December 2017**

	<b>Page</b>
Directors and advisers .....	2
Directors' report .....	3
Statement of directors' responsibilities .....	5
Independent auditor's report .....	6
Statement of comprehensive income.....	9
Statement of financial position.....	10
Statement of changes in equity.....	11
Statement of cash flows .....	12
Notes to the financial statements .....	13

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Directors and advisers**

### **Directors**

A I Mills

P Coles

### **Secretary**

A I Mills

### **Independent Auditors**

Mazars LLP

45 Church Street

Birmingham

B3 2RT

### **Bankers**

HSBC plc

8 Canada Square

London E14 5HQ

### **Registered Office**

i54 Business Park

Valiant Way

Wolverhampton

United Kingdom

WV9 5GB

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Directors' report for the year ended 31 December 2017**

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

### **Results and dividends**

The loss for the period after taxation amounted to £311,554 (2016 - £340,298). The directors do not recommend a final dividend.

### **Principal activities and review of the business**

The principal activity of the Company during the period was analytical testing and sampling for the water regulatory and environmental sectors.

### **Key performance indicators**

	2017
Revenue	904,122
Operating loss	292,799
Operating loss %	32 %
Employee numbers	16
Revenue per employee	56,508
Cash and cash Equivalents	22,847

### **Going concern**

The directors have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Company to continue as a going concern or its ability to continue with its current financing arrangements.

### **Donations**

During the period the Company made no donations to political parties

### **Directors**

The directors who served the Company during the period and up to the date of signing the financial statements were as follows:

A I Mills  
P Coles

### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Independent auditors**

Mazars LLP were appointed as Auditor during the period and will be proposed for reappointment in accordance with Section 485 of the Companies Act 2016.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Directors' report**

### **for the 12 months to 31 December 2017 (continued)**

#### **Small company exemption**

This report has been prepared in accordance with the special provisions applicable to companies subject to the small company's regime within part 15 of the Companies Act 2006. Under these provisions the Directors have chosen not to produce a Strategic Report.

By order of the Board



AI Mills  
Secretary

30 November 2018

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Statement of directors' responsibilities**

The directors are responsible for preparing 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB), have been followed, subject to any material departures disclosed and explained in the financial statements;

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.

# **Independent auditor's report to the members of Eurofins Water Hygiene Testing UK Limited**

## **Opinion**

We have audited the financial statements of Eurofins Water Hygiene Testing 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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.

## **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.

## **Independent auditor's report to the members of Eurofins Water Hygiene Testing UK Limited (continued)**

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

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

In 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 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.



# **Independent auditor's report to the members of Eurofins Water Hygiene Testing UK Limited (continued)**

## **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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Use of the audit 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.

*Louis Burns*

Louis Burns (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham  
B3 2RT

Date: *30 November 2015*

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Statement of Comprehensive Income for the year ended 31 December 2017**

		<b>Year ended 31 Dec 2017</b>	<b>15 months to 31 Dec 2016</b>
	Note	£	£
Sale of services		<b>904,122</b>	1,032,131
<b>Revenue</b>		<b>904,122</b>	1,032,131
Cost of sales		<b>(303,284)</b>	(546,445)
<b>Gross profit</b>		<b>600,838</b>	485,686
General and administrative expenses		<b>(893,637)</b>	(808,194)
<b>Operating loss</b>	5.1	<b>(292,799)</b>	(322,509)
Finance costs	5.3	<b>(18,755)</b>	(17,789)
<b>Loss before income tax</b>		<b>(311,554)</b>	(340,298)
Income tax	7	-	-
<b>Loss for the year/period</b>		<b>(311,554)</b>	(340,298)
<b>Other comprehensive income for the year/period, net of tax</b>		-	-
<b>Total comprehensive loss for the year/period, net of tax</b>		<b>(311,554)</b>	(340,298)

All the activities of the Company are classed as continuing.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Statement of Financial Position As at 31 December 2017**

	Notes	2017 £	2016 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	411,413	5,183
Intangible assets	10	4,742,384	576,647
		<u>5,131,797</u>	<u>581,830</u>
<b>Current assets</b>			
Inventories	11	60,494	21,509
Trade and other receivables	12	539,099	257,216
Cash and cash equivalents	13	22,847	139,016
		<u>622,440</u>	<u>417,741</u>
<b>Total assets</b>		<u><b>5,776,237</b></u>	<u><b>999,572</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	1,081,582	444,757
Deferred revenue		-	1,199
		<u>1,081,582</u>	<u>445,956</u>
<b>Non-current liabilities</b>			
Other payables	17	4,896,506	443,913
		<u>4,896,506</u>	<u>443,913</u>
<b>Total liabilities</b>		<u><b>5,978,088</b></u>	<u><b>889,869</b></u>
<b>Net liabilities/assets</b>		<u><b>(201,851)</b></u>	<u><b>109,703</b></u>
<b>Capital and reserves</b>			
Share capital	15	450,001	450,001
Accumulated Loss		<u>(651,852)</u>	<u>(340,298)</u>
<b>Total equity</b>		<u><b>(201,851)</b></u>	<u><b>109,703</b></u>

The financial statements on pages 9 to 35 were approved and authorised for issue by the Board on 30 November 2018 and signed on its behalf by:



AI Mills  
Director

Registered No. 09805380

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Statement of Changes in Equity for the year ended 31 December 2017**

	Share capital £	Accumulated Loss £	Total £
At incorporation	450,001	-	450,001
Loss for the period	-	(340,298)	(340,298)
Total comprehensive loss	-	(340,298)	-
As at 31 December 2016	450,001	(340,298)	109,703

	Share capital £	Accumulated Loss £	Total £
As at 1 January 2017	450,001	(340,298)	109,703
Loss for the period	-	(311,554)	(311,554)
Total comprehensive loss	-	(311,554)	(311,554)
As at 31 December 2017	450,001	(651,852)	(201,851)

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Statement of Cash Flows for the year ended 31 December 2017**

	Note	Year ended 31 Dec 2017 £	15 months to 31 Dec 2016 £
<b>Operating activities</b>			
Loss for the year/period		(311,554)	(340,298)
Non-cash adjustment to reconcile loss after tax to net cash flows:			
Depreciation of property, plant and equipment	5.1	136,326	47,654
Interest expense	5.3	18,755	17,789
Working capital adjustments:			
Increase in trade and other receivables		(281,883)	(257,216)
Increase in inventories		(38,985)	(21,509)
Increase in trade and other payables		636,856	444,757
(Decrease)/Increase in deferred revenue		(1,199)	1,199
		<u>472,268</u>	<u>232,673</u>
<b>Cash inflow/(outflow) from operations</b>		<u>160,714</u>	<u>(107,625)</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	9	(542,556)	(629,485)
Purchase of intangible assets	10	(4,168,165)	-
<b>Net cash flows used in investing activities</b>		<u>(4,710,721)</u>	<u>(629,484)</u>
<b>Financing activities</b>			
Increase in loan from related party	18	4,452,593	443,913
Interest paid – on loan from related party	18	(18,755)	(17,789)
Increase in Share capital issued		-	450,001
<b>Net cash flows from financing activities</b>		<u>4,433,838</u>	<u>876,125</u>
<b>Net decrease in cash and cash equivalents</b>		(116,169)	139,016
Cash and cash equivalents at 1 January	12	<u>139,016</u>	-
<b>Cash and cash equivalents at 31 December</b>	12	<u>(22,847)</u>	<u>139,016</u>

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017**

### **1. Authorisation of financial statements and statement of compliance with IFRS**

The financial statements of the Company for year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 30 November 2018. The Company is a limited company incorporated and domiciled in the United Kingdom. The registered office is located at i54 Business Park, Valiant Way, Wolverhampton, WV9 5GB.

The principal activity of the Company during the period was analytical testing and sampling for the water regulatory and environmental sectors.

### **2. Accounting policies**

#### **Basis of preparation**

#### **Statement of compliance with IFRS**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Company for year ended 31 December 2017 and applied in accordance with the Companies Act 2006 as applicable to companies using IFRS and IFRIC interpretations. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017. The accounting policies have been applied consistently.

The financial statements have been prepared on a historical cost basis.

#### **Going concern**

The Company participates in the centralised treasury arrangements and so shares banking arrangements with its fellow UK subsidiaries. The directors have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Company to continue as a going concern or its ability to continue with its current financing arrangements.

#### **Significant accounting policies**

##### **(a) Foreign currency translation**

The Company's financial statements are presented in Sterling, which is also the Company's functional currency.

##### **Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company in Sterling at currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the Sterling spot rate of exchange ruling at the reporting date.

All exchange differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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

#### **(b) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sales of services in the ordinary course of the Company's activities.

As a service provider Eurofins has to apply the revenue recognition rules for rendering of services (IAS 18 S18-20). With respect to revenue arising from the rendering of services, the accounting for those revenues depends on whether the outcome of a transaction can be estimated reliably or not.

- If the outcome of a transaction involving the rendering of services can be measured reliably, the revenue associated with the transaction will be recognised by reference to the stage of completion (stage of completion method). Therefore the revenue for all transactions which can be estimated on a reliable basis corresponds to the revenue agreed in the contract, multiplied by the stage of completion of the work performed (i.e. recognising the margin based on the percentage of work completed).
- If the outcome of a transaction involving the rendering of services cannot be measured reliably, revenue will be recognised only to the extent of the incurred expenses (completed contract method) as long as they are recoverable.

Recognition of expected losses when it is possible that total contract costs will exceed total contract revenue, the expected loss shall be recognised as an expense immediately.

#### **Deferred revenue**

Some customers pay the Company in advance of receiving a service. These payments are recognised as a liability in the balance sheet until the Company performs the service for which it has been paid in advance. The sale is then recognised in turnover.

#### **(c) Taxes**

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

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of total comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- Where the taxable temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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

#### **(c) Taxes (continued)**

##### **Deferred tax (continued)**

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- Where the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, in which case deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### **Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- Receivables and payables, that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.



# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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

#### **(d) Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Plant & equipment	-
Motor Vehicles	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of total comprehensive income when the asset is derecognised.

Assets under construction are not depreciated until they are completed. Once the asset has been completed and is available for use within the business it is transferred into one of the other asset categories and depreciated accordingly.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **(e) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### **Company as a lessee**

Operating lease payments are recognised as an operating expense in the statement of total comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

#### **(f) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost, except intangible assets acquired by way of a government grant which are initially recognised at fair value. Following initial recognition, all intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of total comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of total comprehensive income in the expense category consistent with the function of the intangible assets.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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

#### **(f) Intangible assets (continued)**

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of total comprehensive income when the asset is derecognised.

#### **(g) Financial instruments**

##### **i) Financial assets**

##### **Initial recognition and measurement**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and cash equivalents, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of total comprehensive income. The losses arising from impairment are recognised in the statement of total comprehensive income in finance costs.

##### **De-recognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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

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

##### **ii) Impairment of financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### **iii) Financial liabilities**

###### **Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

###### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of total comprehensive income.

###### **Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of total comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of total comprehensive income.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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

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

##### **iii) Financial liabilities (continued)**

###### **De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of total comprehensive income.

###### **iv) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **(h) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Purchase cost on a first-in, first-out basis. The cost of purchase comprises the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **(i) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts and an estimate of cash flow generation beyond the detailed planning horizon. Calculations are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. The detailed budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of total comprehensive income in those expense categories consistent with the function of the impaired asset.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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

#### **(i) Impairment of non-financial assets (continued)**

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of total comprehensive income unless the asset is carried at a re-valued amount, in which case the reversal is treated as a revaluation increase.

#### **(j) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of outstanding bank overdrafts.

#### **(k) Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

#### **(l) Provisions and accruals**

##### **General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of total comprehensive income net of any reimbursement.

#### **(m) Pensions and other post-employment benefits**

The Company operates a defined contribution pension plan. The Company pays contributions to separately administered pension plans on behalf of its employees. Contributions to these plans are recognised in the income statement in the period in which they become payable.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **3. Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### **Judgements**

In the process of applying the Group's accounting policies described above, management has made the following judgements that have significant effects on the amounts recognised in the financial statements (apart from those involving estimates, which are dealt with in the following paragraphs).

#### *Provisions and accruals*

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it can't be guaranteed that additional costs will not be incurred beyond the amounts accrued.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *Estimation of useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed annually and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 9.

#### *Impairment of accounts receivable*

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **4. Standards issued but not yet effective**

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and, in some cases, have not yet been adopted by the EU.

The Company continues to assess the full impact that adopting these standards, amendments and interpretations will have on future financial statements. The full effect is yet to be determined.

	<b>EU effective date – periods beginning on or after</b>
IAS 19 Employee Benefits: Amendment in relation to plan amendment, curtailment or settlement	1 January 2019 <sup>†*</sup>
IAS 28 Investments in Associates and Joint Ventures: Amendment in relation to Long-term interests in Associates and Joint Ventures	1 January 2019 <sup>†*</sup>
IAS 40 Investment Property: Amendment in relation to transfers of investment property	<sup>†**</sup>
IFRS 2 Share-based Payment: Amendment in relation to classification and measurement of share-based payment transactions	<sup>†**</sup>
IFRS 4 Insurance Contracts: Amendment in relation to applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 9 Financial Instruments: Amendment in relation to Prepayment features with negative compensation	1 January 2019 <sup>†*</sup>
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	<sup>†**</sup>
Annual Improvements to IFRSs (2014 - 2016)	1 January 2018
Annual Improvements to IFRSs (2015 - 2017)	1 January 2019 <sup>†*</sup>
IFRIC 22 Foreign Currency Transactions and Advance Consideration	<sup>†**</sup>
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019 <sup>†*</sup>

*Standards, amendments and interpretations cannot be adopted in the EU until they have been EU-endorsed.*

<sup>†</sup> Pending endorsement

<sup>\*</sup> Expected to be endorsed by the IASB effective date.

<sup>\*\*</sup> Not expected to be endorsed by the IASB effective date.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **5. Other income/expenses and adjustments**

#### **5.1 Operating loss**

This is stated after charging/(crediting):

	Notes	Year ended 31 Dec 2017 £	15 months to 31 Dec 2016 £
<b>Included in cost of sales</b>			
Costs of inventories recognised as an expense		158,737	204,483
<b>Included in general and administrative expenses</b>			
Net foreign exchange differences		24,758	39,020
Depreciation	9	136,626	193

#### **5.2 Auditors' remuneration**

In the period the Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	Year ended 31 Dec 2017 £	15 months to 31 Dec 2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	5,200	3,200
Other non-audit services	2,330	2,225
	<u>7,530</u>	<u>5,425</u>

#### **5.3 Finance costs**

	Year ended 31 Dec 2017 £	15 months to 31 Dec 2016 £
Interest on debts and borrowings – related parties	18,107	15,909
Interest on debts and borrowings – third Party	648	1,879
Total finance costs	<u>18,755</u>	<u>17,789</u>



# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **6. Staff costs and directors' remuneration**

#### **a) Staff costs**

	<b>Year ended 31 Dec 2017</b>	<b>15 months to 31 Dec 2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	391,779	430,557
Social security costs	22,579	31,258
Other pension costs	3,653	2,713
Total expense	<u>418,011</u>	<u>464,528</u>

#### **b) Employee numbers**

The average monthly number of employees during the year was made up as follows:

	<b>Year ended 31 Dec 2017</b>	<b>15 months to 31 Dec 2016</b>
	<b>No.</b>	<b>No.</b>
Management and Administration	1	1
Laboratory Staff	15	22
	<u>16</u>	<u>23</u>

#### **c) Directors' emoluments**

The directors of the Company are remunerated by other companies in the group.

The number of directors who accrued benefits under company pension schemes was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Money purchase schemes	<u>—</u>	<u>—</u>

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **7. Income tax**

The major components of income tax expense for the period ended 31 December 2017 are:

#### **Statement of comprehensive income**

	2017	2016
	£	£
<b>Current tax:</b>		
Current tax charge	–	–
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	–	–
<b>Income tax expense reported in the loss for the year</b>	–	–

A reconciliation between tax expense and the product of accounting profit multiplied by the UK domestic tax rate for the year ended 31 December 2017 is as follows:

	2017	2016
	£	£
<b>Loss before income tax</b>	<b>(311,554)</b>	<b>(340,298)</b>
At UK's statutory income tax rate of 19.25%	(59,963)	(68,060)
Non-deductible expenses for tax purposes	14,794	9,492
Fixed asset differences	283	–
Adjustment to tax charge in respect of prior periods – Deferred Tax	4,422	–
Adjust deferred tax to average rate of 19.25%	5,241	8,786
Deferred tax not recognised	35,223	49,782
<b>At the effective income tax rate of 0%</b>	<b>–</b>	<b>–</b>

### **7.1 Deferred Tax**

The Company has a deferred tax asset of £170,010 (2016: 49,782) relating to tax losses which have not been recognised due to the uncertainty over the availability of future taxable profits.

The unrecognised deferred tax balance referred to above has been calculated at 20.00% as this was the rate that was substantively enacted at the balance sheet date.

### **8. Dividends paid and proposed**

The directors do not recommend a final dividend for 2017 (2016-nil). During the year the Company paid no interim dividend.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **9. Property, plant and equipment**

	IT equipment	Plant and equipment	Motor Vehicles	Fixture and fittings	IT equipment	Total
	£	£	£	£	£	£
Cost :						
At incorporation	-	-	-	-	-	-
Additions	-	3,860	1,516	-	-	5,375
At 31 December 2016	-	3,860	1,516	-	-	5,375
Accumulated depreciation:						
At incorporation	-	-	-	-	-	-
Depreciation charge for the year	-	193	-	-	-	193
At 31 December 2016	-	193	-	-	-	193
Net book value:						
At 31 December 2016	-	3,667	1,516	-	-	5,183

	Leasehold improvements	Plant and equipment	Motor Vehicles	Fixture and fittings	IT equipment	Total
	£	£	£	£	£	£
Cost :						
At 1 January 2017	-	3,860	1,516	-	-	5,375
Transfers from group company	360,465	103,011	3,033	11,894	64,153	542,556
Disposals	-	-	-	-	-	-
At 31 December 2017	360,465	106,871	4,549	11,894	64,153	547,932
Depreciation:						
At 1 January 2017	-	193	-	-	-	193
Disposals	-	-	-	-	-	-
Depreciation charge in the year	-	193	505	-	-	698
Depreciation from group company	29,139	64,642	2,730	8,416	30,742	136,326
At 31 December 2017	29,139	65,028	3,285	8,326	30,742	136,519
Net book value:						
At 31 December 2017	331,326	41,844	1,264	3,568	33,411	411,413
At 31 December 2016	-	3,667	1,516	-	-	5,183

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **10. Intangible assets**

	Goodwill £	Software £	Total £
<b>Cost:</b>			
At 1 January 2017	576,647	-	576,647
Additions	4,163,000	5,165	4,168,165
Disposals	-	-	-
<b>At 31 December 2017</b>	<b>4,739,647</b>	<b>5,165</b>	<b>4,744,812</b>
<b>Accumulated amortisation:</b>			
At 1 January 2017	-	-	-
Charge for the year	-	2,428	2,428
Disposals	-	-	-
<b>At 31 December 2017</b>	<b>-</b>	<b>2,428</b>	<b>2,428</b>
<b>Net book value:</b>			
<b>At 31 December 2017</b>	<b>4,739,647</b>	<b>2,737</b>	<b>4,742,384</b>
As 31 December 2016	576,647	-	576,647

The goodwill acquired in the year arose as a result of the acquisition of the assets of the certification business within Eurofins Biopharma Product Testing UK Limited.

The consideration paid was for all of the intangible of the assets, including goodwill.

The transfer occurred on 1 December 2017 and as a result the Company is of the view that a goodwill impairment review was not considered necessary and no impairment was required.

### **11. Inventories**

	2017 £	2016 £
Raw materials (at cost)	60,494	21,509

The amount of write-down of inventories as an expense is £nil.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **12. Trade and other receivables**

	2017	2016
	£	£
Trade receivables	428,657	152,844
Prepayments and other receivables	47,868	51,839
Amounts owed by group undertakings	62,574	52,533
	<u>539,099</u>	<u>257,216</u>

As at 31 December 2017, trade receivables of an initial value of £ nil were impaired and fully provided for. See below for the movements in the provision for impairment of receivables (see credit risk disclosure in note 18 for further guidance).

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.

Currently there are no amounts which are not past due where collection of the full amount is no longer probable.

Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

#### **Trade receivable provision**

	Total £
At 1 January 2017	-
Charge for year	7,669
Utilised	-
At 31 December 2017	<u>7,669</u>

As at 31 December, the ageing analysis of trade receivables is as follows:

				Past due but not impaired			
	Total	Neither past due nor impaired	< 30 days	30–60 days	61–90 days	91–120 days	> 120 days
	£	£	£	£	£	£	£
2017	428,657	401,726	13,616	230	616	7,921	4,548
2016	152,844	77,797	41,911	1,697	-	6,015	25,424

Trade and other receivables are all classified as loans and receivables. The Company has no assets at fair value through the profit and loss, derivatives used for hedging or assets available for sale.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **13. Cash equivalents**

	2017 £	2016 £
Cash at banks and in hand	22,847	139,016
Cash and cash equivalents	<u>22,847</u>	<u>139,016</u>

Bank balances earn interest at floating rates depending on daily bank deposit rates.

### **14. Trade and other payables**

	2017 £	2016 £
Trade payables	82,797	59,512
Accrued expenses	414,176	197,979
Other payables	11,809	31,670
Tax and other social securities	124,075	-
Amounts owed to group undertakings	448,725	155,597
	<u>1,081,582</u>	<u>444,757</u>

Trade payables are non-interest bearing and are normally settled on 60 day terms. Amounts owed to group undertakings are non-interest bearing and have an average term of 30 Days. The trade and other payables all have a maturity of less than 12 months.

For explanations on the Company's liquidity risk management processes, refer to note 18.

Trade and other payables are all classified as other financial liabilities. The Company has no liabilities at fair value through the profit and loss or derivatives used for hedging.

### **15. Share capital**

#### **Ordinary shares issued and fully paid**

	Number of Shares	£
At 31 December 2016 & 2017	<u>450,001</u>	<u>450,001</u>

All shares have a par value of £1.

#### **Nature and purpose of reserves**

The nature and purpose of each of the reserves within shareholder's equity is explained below.

#### **Equity share capital**

The accumulated amount subscribed for share capital.

#### **Accumulated losses**

The cumulative gains and losses recognised in the income statement together with those gains or losses required to be taken directly to equity.

### **16. Pensions**

During the year the Company paid £3,653 (2016- £2,713) in contributions to defined contribution pension schemes. At 31 December 2017 the Company had an outstanding payable of £3,749 (2016- £776) in respect of defined contribution pension schemes.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **17. Other related party transactions**

The following tables provide the total amount of transactions that have been entered into with group undertakings for the relevant financial year:

Eurofins group company	Incorporated in	Sales to related parties	Sales to related parties
		2017	2016
<i>Other related parties:</i>		£	£
Eurofins Food Testing Hong Kong Ltd.	Hong Kong	1,253	2,196
Eurofins Dr. Specht Laboratorien GmbH	Germany	103	-
Eurofins Global Control GmbH	Germany	106	-
Eurofins Institut Dr. Appelt Hilter GmbH	Germany	-	84
Eurofins Miljo A/S	Denmark	104	387
Eurofins Food Testing Ireland Limited	Ireland	5,060	6,306
Microchem Laboratories (Ireland) Limited	Ireland	-	2,540
Eurofins BioPharma Product Testing Ireland	Ireland	734	-
Eurofins Cork Limited	Ireland	113	-
Eurofins Chemical Control Srl	Italy	680	671
Eurofins Consulting Srl	Italy	-	154
Eurofins Pivetti Srl	Italy	212	-
Eurofins Analytico BV	Netherlands	989	651
Eurofins Environment Testing Norway AS	Norway	2,534	5,574
Eurofins Environment Testing Sweden AB	Sweden	9,476	10,220
Eurofins Food & Feed Testing Sweden AB	Sweden	1,064	1,716
Eurofins Pegasuslab AB	Sweden	-	30
Eurofins Food Testing UK Limited	United Kingdom	112,388	121,704
Public Analyst Scientific Services Limited	United Kingdom	192	5,081
Eurofins Newtec Laboratories Limited	United Kingdom	239	1,084
Eurofins Agro Testing UK	United Kingdom	706	-
Eurofins Biopharma Product Testing UK Limited	United Kingdom	1,272,070	-
		<b>1,408,023</b>	<b>158,398</b>

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **17. Other related party transactions (Continued)**

Eurofins group company	Incorporated in	Purchases from related parties 2017 £	Purchases from related parties 2016 £
<i>Other related parties:</i>			
Public Analyst Scientific Services Limited	United Kingdom	214	412
Eurofins NSC UK & Ireland Limited	United Kingdom	115,118	22,737
Eurofins Biopharma Product Testing UK Limited	United Kingdom	201,711	-
ILS Limited	United Kingdom	201	-
Eurofins Food Testing UK Limited	United Kingdom	636,619	-
Eurofins Steins Laboratorium A/S	Denmark	228	-
Eurofins International Support Services	Luxembourg	81,507	39,112
Eurofins GSC LUX	Luxembourg	212,274	85,493
Eurofins GSC Finance Succursale LUX	Luxembourg	29,763	15,909
		<b>1,277,635</b>	<b>163,663</b>

Eurofins group company	Incorporated in	Amounts owed by related parties * 2017 £	Amounts owed by related parties * 2016 £
<i>Other related parties:</i>			
Eurofins Food Testing Hong Long Limited	Hong Kong		412
Eurofins Analytico BV	Netherlands	623	91
Eurofins Consulting Sr	Italy	-	167
Eurofins Food Testing Ireland Limited	Republic of Ireland	1,197	577
Microchem Laboratories (Ireland) Limited	Republic of Ireland	-	838
Eurofins BioPharma Product Testing Ireland	Republic of Ireland	255	-
Eurofins Cork Limited	Republic of Ireland	113	-
Eurofins Environment Testing Sweden AB	Sweden	823	636
Eurofins Food & Feed Testing Sweden AB	Sweden	129	101
Eurofins NSC UK & Ireland Limited	United Kingdom	-	34,042
Eurofins Food Testing UK Limited	United Kingdom	25,066	14,651
Eurofins Environment Testing Norway AS	Norway	-	392
Eurofins Agro Testing UK	United Kingdom	590	-
Public Analyst Scientific Services Limited	United Kingdom	-	540
Eurofins Newtec Laboratories Limited	United Kingdom	-	172
Eurofins Biopharma Product Testing UK Limited	United Kingdom	33,778	-
		<b>62,574</b>	<b>52,619</b>



# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

Eurofins group company	Incorporated in	Amounts owed to related parties *	Amounts owed to related parties *
		2017	2016
<i>Other related parties:</i>		£	£
Eurofins International Support Services	Luxembourg	-	39,212
Eurofins GSC LUX SARL	Luxembourg	-	81,417
Eurofins Food Testing UK Holding Limited	United Kingdom	-	4,038
Eurofins NSC UK & Ireland Limited	United Kingdom	2,753	7,482
Eurofins Food Testing UK Limited	United Kingdom	6,000	23,492
Eurofins Genetic Services Limited	United Kingdom	22	-
Eurofins Biopharma Product Testing UK Limited	United Kingdom	4,610,236	-
		<b>4,619,011</b>	<b>155,641</b>

\* The amounts are classified as trade receivables and trade payables, respectively. No provision for doubtful debt has been recognised in relation to the amounts owed by related parties as the directors consider them to be fully recoverable.

Eurofins group company	Incorporated in	Loans from related parties: Interest paid	Loans from related parties: Interest paid
		2017	2016
<i>Other related parties:</i>		£	£
Eurofins GSC Finance Succursale LUX	Luxembourg	10,154	15,909
		<b>10,154</b>	<b>15,909</b>

Eurofins group company	Incorporated in	Loans from related parties: Amounts owed	Loans from related parties: Amounts owed
		2017	2016
<i>Other related parties:</i>		£	£
Eurofins GSC Finance Succursale LUX	Luxembourg	723,351	443,913
		<b>723,351</b>	<b>443,913</b>

The loan from Eurofins GSC Finance Succursale LUX is denominated in Euros and has a principal value of €600,000. The amounts owed in the above table are the year balances made up of the principle value and outstanding interest balance. The loan is provided on an interest only basis at a floating rate equal to a 12 month index of the EURIBOR plus 400 basis points. The loan was taken out on the 11 February 2016 and has a maturity date of 11 February 2021. The Company has not pledged any of its assets as security for this loan.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **17. Other related party transactions (Continued)**

A second loan from Eurofins GSC Finance Succursale LUX is denominated in Euros and has a principal value of €300,000. The amounts owed in the above table are the year balances made up of the principle value and outstanding interest balance. The loan is provided on an interest only basis at a floating rate equal to a 12 month index of the EURIBOR plus 550 basis points. The loan was taken out on the 8 March 2017 and has a maturity date of 7 March 2024. The Company has not pledged any of its assets as security for this loan.

#### **Entity with significant influence over the Company**

Eurofins Food Testing UK Holding Limited owns 100% of the ordinary shares in Eurofins Acton Limited.

#### **Terms and conditions of transactions with related parties (excluding loans)**

Amounts owed to related parties (excluding loans) are non-interest bearing and have an average term of 30 Days. Amounts owed by related parties are also non-interest bearing and have an average term of 30 Days. Amounts owed to and by related parties are unsecured and are settled in the functional currency of the selling entity.

### **18. Commitments and contingencies**

#### **Operating lease commitments – Company as lessee**

The Company has entered into a commercial lease on buildings. The lease has a life of between 2-5 years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2017	2016
	£	£
Within one year	118,012	52,000
After one year but not more than five years	438,091	156,000
More than five years	242,150	–
	<u>798,253</u>	<u>208,000</u>

#### **Capital commitments**

At 31 December 2017, the Company had commitments of £nil (2016- £nil).

#### **Contingent liability**

At 31 December 2017, the Company had no contingent liabilities (2016- £nil).

### **19. Financial risk management objectives and policies**

The Company's principal financial liabilities comprise inter-company loans, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade and other receivables, and cash that arise directly from its operations.

The Company is exposed to foreign currency risk, credit risk and liquidity risk.

#### **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and to the loan from Eurofins Finance SA (when revenue or expense is denominated in a different currency from the Company's functional currency).

#### **Foreign currency sensitivity**

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **19. Financial risk management objectives and policies (continued)**

The following table demonstrates the sensitivity to a reasonably possible change in the Euro, with all other variables held constant, of the Company's loss before tax (due to changes in the fair value of monetary assets and liabilities). The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in Euro rate	Effect on loss before tax
<b>2017</b>	+10% (Sterling appreciates)	<b>55,041</b>
	-10%	<b>(67,273)</b>
<b>2016</b>	+10% (Sterling appreciates)	<b>48,181</b>
	-10%	<b>(58,888)</b>

The above table is an estimate of the effect on loss before tax that would have resulted from booking Euro denominated sales and purchases at different spot rates to that which prevailed on average throughout the year and of the effect of revaluing year end, Euro denominated, debtor and creditor balances.

#### **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

#### **Trade receivables**

The credit quality of customers is assessed based on information supplied by leading UK credit rating agencies. Outstanding customer receivables are monitored on a continuous basis and pursued via the use of legal action if required.

The requirement for impairment is analysed at each reporting date. This is conducted on an individual basis for major clients and on a collective basis for minor receivables. The calculation is based on estimates of the level of bad debt based on historical data.

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2017 is the carrying amounts as illustrated in note 12.

#### **Liquidity risk**

The Company has made a detailed review of its liquidity risk and considered that it is capable of honouring its debts.

However, in regards to the current economic environment it should be noted that the Company is compliant with the criteria of the most important respective lines of credit and at this time do not anticipate any particular liquidity problems or issues regarding the financial covenants within the next twelve months.

#### **Maturity profile of liabilities**

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

# **Eurofins Water Hygiene Testing UK Limited (formerly Eurofins Acton Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **19. Financial risk management objectives and policies (continued)**

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
	£	£	£	£
<b>At 31 December 2017:</b>				
Interest payments on loans from related parties	-	-	-	-
Repayment of loans from related parties	4,610,236	-	-	-
Trade and other payables	1,081,582	-	-	-
<b>At 31 December 2016</b>				
Interest payments on loans from related parties	-	-	-	-
Repayment of loans from related parties	-	-	-	-
Trade and other payables	444,757	-	-	-

#### **Capital management**

The Company's capital consists of equity, loans, capital contribution reserve and retained earnings. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits of other stakeholders.

Management aims to maintain a capital structure that ensures the lowest cost of capital available to the entity and is as tax efficient as possible. In doing so management considers what external none-group finance is available.

Management has no current plans to issue further shares nor reduce the current capital structure.

The Company is not subject to any externally imposed capital requirements.

#### **Collateral**

The Company has not pledged any of its assets as collateral for liabilities or contingent liabilities. The Company has not had any assets pledged to it as collateral for assets or contingent assets.

### **20. Events after the reporting period**

There were no material adjusting or non-adjusting events after the reporting period.

### **21. Ultimate parent undertaking and controlling party**

Eurofins Food Testing UK Holding Limited, a company incorporated in England, is the immediate parent of the Company. The ultimate parent and controlling party is Eurofins Scientific SE, a company incorporated in Luxembourg. Eurofins Scientific SE is the only company to consolidate the financial statements of Eurofins.

Copies of the Group's financial statements are publicly available and can be obtained from:

Eurofins Scientific SE  
23 Val Fleuri  
L-1526, Luxembourg