

Concept Life Sciences (Holdings) Limited
Annual report and financial statements
for the year ended 31 December 2018

Registered number: 09046553



Concept Life Sciences (Holdings) Limited

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Concept Life Sciences (Holdings) Limited

Company information

The board of directors	P McCluskey M Hanson M Carnegie-Brown
Registered office	One St Peter's Square Manchester M2 3DE
Bankers	Lloyds Bank plc 8 th Floor 40 Spring Gardens Manchester M2 1EN

Concept Life Sciences (Holdings) Limited

Strategic report

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

Principal activity

The principal activity of Concept Life Sciences (Holdings) Limited (the “Company”) is to act as a holding company. The principal activity of the Company’s subsidiaries is the provision of outsourced laboratory and scientific analytical services, to the pharmaceutical, biotechnology, agrochemical, industrial chemical, food and environmental sectors.

Review of business

The operating loss of £1.4m in the year (2017: nil) was due to share based payments relating to the Spectris Group share scheme and interest paid to Spectris plc relating to intercompany loan.

Key performance indicators

On the basis that the Company solely acts as a holding company, it is not considered necessary to consider key performance indicators further. Key performance indicators are managed on a group wide basis and are regularly monitored by the board.

Principal risks and uncertainties

The principal risks for the Company are as follows:

- Potential for impairment of the investments held in subsidiaries;
- Ability of the subsidiaries to pay dividends to the Company.

The Directors monitor the performance of the subsidiaries on a regular basis in order to manage these risks.

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approval

Approved by the Board and signed on its behalf by:



M Hanson
Director
24 September 2019

Concept Life Sciences (Holdings) Limited

Directors' report

The Directors present their report and the unaudited financial statements of the Company for the year ended 31 December 2018.

Results and dividends

The results for the year ended 31 December 2018 and financial position of the Company are as shown in the income statement and statement of financial position. The Directors do not recommend the payment of a dividend (2017: £nil).

Future developments

Details of future developments can be found in the Strategic Report and form part of this report by cross-reference.

Events after the balance sheet date

On 30 July 2019, the ultimate parent undertaking, Spectris plc, announced its decision to exit the ADS Environmental business, which is included within Concept Life Sciences Analytical & Development Services Limited an indirectly held subsidiary of Concept Life Sciences (Holdings) Limited. A consultation process commenced which resulted in the decision to close the ADS Environmental business and associated laboratory sites. The ADS Food business, which is also included within Concept Life Sciences Analytical & Development Services Limited, is not impacted by the closure decision and has the support of its ultimate parent undertaking, Spectris plc.

Change in ownership

On 25 January 2018, Spectris plc, a company listed on the London Stock Exchange, acquired 100% of the share capital of Concept Life Sciences (Holdings) Limited. The Concept Group acquisition was made on a debt and cash-free basis and therefore the external borrowings which included the bank loan and loan notes were fully paid down.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has net liabilities but its parent undertaking, Spectris Group Holdings Limited, has confirmed it will provide financial support for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. Further details can be found in the statement of accounting policies within note 1.

Directors

The Directors, who served throughout the year and thereafter, were as follows:

P McCluskey	
E O' Lionaird	(appointed 25 January 2018 and resigned 23 May 2019)
MJ Fort	(resigned 31 August 2018)
S O' Hare	(resigned 25 January 2018)
A Tomkinson	(resigned 26 January 2018)
M Hanson	(appointed 5 August 2019)
M Carnegie-Brown	(appointed 5 August 2019)

Directors' indemnities

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

Approved by the Board and signed on its behalf by:



M Hanson
Director
24 September 2019

Concept Life Sciences (Holdings) Limited

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Concept Life Sciences (Holdings) Limited

Income statement

For the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Administrative expenses		(120,714)	-
Operating (loss)		(120,714)	-
Net finance charges	3	(1,518,339)	-
(Loss) on ordinary activities before taxation		(1,639,053)	-
Tax on (loss) on ordinary activities	4	288,484	-
(Loss) for the financial year		<u>(1,350,569)</u>	<u>-</u>

All amounts relate to continuing activities.

There were no items of other comprehensive income in either year other than the losses shown above. No separate statement of total comprehensive income has therefore been presented.

Statement of Changes in Equity

For the year ended 31 December 2018

	Called-up share capital £	Share premium £	Profit and loss account £	Total equity £
As at 31 December 2016	114,600	971,678	-	1,086,278
Result for the year	-	-	-	-
As at 31 December 2017	114,600	971,678	-	1,086,278
Total comprehensive loss for the year	-	-	(1,350,569)	(1,350,569)
<i>Transactions with owners recorded directly in equity:</i>				
Equity settled share-based payment transactions	-	-	92,246	92,246
Share capital	263	-	-	263
As at 31 December 2018	<u>114,863</u>	<u>971,678</u>	<u>(1,258,323)</u>	<u>(171,782)</u>

Concept Life Sciences (Holdings) Limited

Notes to the financial statements For the year ended 31 December 2018

	Note	2018 £	2017 £
Non-current assets			
Investments	5	<u>1</u>	<u>1</u>
Total non-current assets		<u>1</u>	<u>1</u>
Current assets			
Trade and other receivables	6	<u>63,445,642</u>	<u>62,466,163</u>
Total current assets		<u>63,445,642</u>	<u>62,466,163</u>
Total assets		<u>63,445,642</u>	<u>62,466,164</u>
Current liabilities			
Trade and other payables	7	<u>(63,617,424)</u>	<u>(181,358)</u>
Total current liabilities		<u>(63,617,424)</u>	<u>(181,358)</u>
Non-current liabilities			
Interest bearing loans and borrowings	8	<u>-</u>	<u>(61,198,528)</u>
Total non-current liabilities		<u>-</u>	<u>(61,198,528)</u>
Total liabilities		<u>(63,617,424)</u>	<u>(61,379,886)</u>
Total assets less liabilities		<u>(171,782)</u>	<u>1,086,278</u>
Capital and reserves			
Called-up share capital	9	114,863	114,600
Share premium		971,678	971,678
Profit and loss account		<u>(1,258,323)</u>	<u>-</u>
Shareholder's (deficit)/funds		<u>(171,782)</u>	<u>1,086,278</u>

Registered number: 09046553

For the year ending 31 December 2018, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of Concept Life Sciences (Holdings) Limited were approved by the Board of Directors and authorised for issue on 24 September 2019. They were signed on its behalf by:



M Hanson
Director

Concept Life Sciences (Holdings) Limited

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting policies

Concept Life Sciences (Holdings) Limited (the “Company”) is a company incorporated and domiciled in the UK.

Basis of preparation

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

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

The Company’s ultimate parent undertaking, Spectris plc includes the Company in its consolidated financial statements. The consolidated financial statements of Spectris plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and are available to the public as set out in note 10.

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

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

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

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

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

The financial statements are prepared on the historical cost basis.

These financial statements are presented in pounds sterling.

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Concept Life Sciences (Holdings) Limited

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting policies (continued)

Basis of preparation (continued)

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

Going concern

Due to the nature of the Company's operations, it has limited cash flow requirements and has net liabilities. The Directors have received confirmation that Spectris plc the Company's ultimate holding company, will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future. Therefore they have adopted the going concern basis in preparing the financial statements.

Investments in subsidiaries

Investments in subsidiaries are shown at cost less provision for impairment.

Taxation

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

Current tax

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

Deferred tax

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

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

Trade and other creditors

Trade and other creditors are non-interest bearing and recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method

Finance charges

Finance charges comprise interest payable on interest-bearing loans and borrowings and fair value losses on interest rate swap derivative financial instruments. Finance charges are recognised in the income statement on an effective interest method.

Critical accounting estimates and judgements

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

Concept Life Sciences (Holdings) Limited

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting policies (continued)

Recoverability of intercompany

Recoverability of intragroup debts is assessed based upon the standing position of the respective party and that company's projections. Assessment is made with regards to the uncertainties inherent within any projections. Impairment provisions are made for any amounts which are considered uncertain to be recovered in full.

2. Directors' remuneration

There were no employees other than directors for the current or prior period. Consequently, the Company has not incurred any salaries costs.

The Directors received no remuneration for their services to the Company in the financial period. All directors' remuneration has been borne by another group company.

3. Net finance charges

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Finance charges		
Interest charged by parent undertaking	(1,518,339)	-
Net finance charges	<u>(1,518,339)</u>	<u>-</u>

Concept Life Sciences (Holdings) Limited

Notes to the financial statements For the year ended 31 December 2018

4. Tax on loss on ordinary activities

The tax charge comprises:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Current tax		
UK corporation tax	(288,484)	-
Deferred tax	-	-
Total tax credit on loss on ordinary activities	<u>(288,484)</u>	<u>-</u>

The differences between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Loss on ordinary activities before tax	<u>(1,639,053)</u>	<u>-</u>
Tax credit on loss on ordinary activities at standard UK corporation tax rate of 19% (2017: 19.25%)	(311,420)	-
Effects of: Expenses not deductible for tax purposes	<u>22,936</u>	<u>-</u>
Total tax credit for year	<u>(288,484)</u>	<u>-</u>

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 15th September 2016.

Concept Life Sciences (Holdings) Limited

Notes to the financial statements For the year ended 31 December 2018

5. Investments in subsidiaries

Cost and net book value	£
As at 1 January 2018 and 31 December 2018	<u>1</u>

As at 31 December 2018, the Company held 100% of the issued share capital of the following subsidiary undertaking which is incorporated in England and Wales.

	Country of incorporation	Principal activity
Concept Life Sciences (Midco) Limited	United Kingdom	Intermediate holding company

The registered address of Concept Life Sciences (Midco) Limited is One St Peter's Square, Manchester, M2 3DE.

6. Debtors

	2018 £	2017 £
Amounts owed by group undertakings	63,152,987	62,443,188
VAT debtor	4,171	22,975
Corporation tax	288,484	-
	<u>63,445,642</u>	<u>62,466,163</u>

Amounts owed by group undertakings are repayable upon demand. No interest is charged.

7. Creditors – amounts falling due within one year

	2018 £	2017 £
Amounts owed to group undertakings	409,207	-
Trade payables	26,663	180,248
Other payables	100	100
Share based payments	28,468	-
Accruals and deferred income	-	1,010
Amounts owed to parent undertaking	63,152,986	-
	<u>63,617,424</u>	<u>181,358</u>

Amounts owed to group undertakings are repayable upon demand. No interest is charged. Amounts owed to parent undertaking are repayable on demand and attract interest at a rate of LIBO plus 2%. Included within this balance is accrued interest of £1,518,339.

Concept Life Sciences (Holdings) Limited

Notes to the financial statements

For the year ended 31 December 2018

8. Creditors – amounts falling due after more than one year

	2018 £	2017 £
Loan notes	-	61,198,528
	<u>-</u>	<u>61,198,528</u>

The external loan notes were paid down on 25 January 2018 as part of the acquisition of Concept Life Sciences (Holdings) Limited and subsidiaries by Spectris plc.

9. Called up share capital

	2018 Number of shares issued	2018 Ordinary share capital £	2017 Number of shares issued	2017 Ordinary share capital £
Issued ordinary share capital				
Deferred A shares of 10p each	87,628	8,763		
Deferred B shares of 60p each	1,322	793		
Deferred C shares of 40p each	482	193		
A Ordinary shares of 10p each	650,372	65,037	732,500	73,250
B Ordinary shares of 10p each	30,152	3,015	30,660	3,066
C Ordinary shares of 10p each	83,127	8,313	85,000	8,500
D Ordinary shares of 10p each	84,240	8,424	85,000	8,500
E Ordinary shares of 60p each	9,023	5,414	10,000	6,000
F Ordinary shares of 40p each	14,518	5,807	15,000	6,000
G Ordinary shares of 10p each	15,787	1,579	13,690	1,369
J Ordinary shares of 10p each	16,694	1,669	18,150	1,815
K Ordinary shares of 60p each	9,655	5,793	10,000	6,000
L Ordinary shares of 1p each	6,250	63	10,000	100
	<u>1,009,250</u>	<u>114,863</u>	<u>1,010,000</u>	<u>114,600</u>

The movement in share capital in the current year is a correction to the prior year.

Rights of shares

Dividends shall be distributed pari passu amongst the holders of the A Shares, B Shares, C Shares, D Shares, E Shares, F Shares, G Shares and K Shares. The J Shares and the L shares shall not be entitled to participate in any dividend.

On return of capital, all shares shall have attached to them full capital distribution rights (including on wind up).

Each holder of an A Share, B Share, C Share, D Share, E Share, F Share, G Share, and K Share shall be entitled to receive notice of, and each such holder shall be entitled to attend and vote at, general meetings of the Company.

Concept Life Sciences (Holdings) Limited

Notes to the financial statements

For the year ended 31 December 2018

10. Ultimate parent and controlling party

At 31 December 2018, Spectris plc is the ultimate controlling party by virtue of its 100% interest in the issued share capital of Concept Life Sciences (Holdings) Limited. Spectris plc is incorporated in the United Kingdom. The registered address is Spectris plc, Heritage House, Church Road, Egam Surrey.

Spectris plc, is the largest and smallest group in which the results of the Company are consolidated. The consolidated accounts of this company are publically available from the registered address.

11. Events after the balance sheet date

On 30 July 2019, the ultimate parent undertaking, Spectris plc, announced its decision to exit the ADS Environmental business, which is included within Concept Life Sciences Analytical & Development Services Limited an indirectly held subsidiary of Concept Life Sciences (Holdings) Limited. A consultation process commenced which resulted in the decision to close the ADS Environmental business and associated laboratory sites. The ADS Food business, which is also included within Concept Life Sciences Analytical & Development Services Limited, is not impacted by the closure decision and has the support of its ultimate parent undertaking, Spectris plc.