

SPT Labtech Limited

**Annual report and financial
statements**

Registered number 03300999
For the year ended 31 December 2021

WEDNESDAY



ABCIMXIZ

A14

14/09/2022

#384

COMPANIES HOUSE

Contents

Officers and professional advisors	1
Strategic report	2
Directors' report	4
Independent auditor's report to the members of SPT Labtech Limited	6
Profit and Loss Account and Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes	13

Officers and professional advisors

Company registration number

03300999

Registered office

Melbourn Science Park
Cambridge Road
Melbourn
Royston
Hertfordshire
SG8 6EE

Directors

Patrick Bennett
David Newble
Richard Price

Auditor

Grant Thornton UK LLP
101 Cambridge Science Park
Milton Road
Cambridge
CB4 0FY

Strategic report

Principal activity

The principal activity of the Company is the research, development, manufacture and sale of pharmaceutical instrumentation and labware and the provision of associated services.

Change of accounting reference date

The company shortened its accounting reference date in 2020 to finish on 31 December 2020. Consequently, the financial statements are presented for a twelve month period to 31 December 2021, with a nine month comparative period from 1 April 2020 to 31 December 2020.

Review of the business and future developments

We are pleased to present the results for the year ended 31 December 2021, which are in line with expectations. The Company has continued to increase the focus on liquid handling, increased by demand arising from COVID-19 research and testing. Revenue of the Company grew 17% on a pro-rata basis from £30.7 million (9 month period) to £47.8 million (12 month period), with growth seen in all areas of the business.

The Company continues to invest in research and development to extend its product portfolio and add value for customers by improving the functionality of existing products and has invested £4.3 million in this period (9 month period year ended 2020: £2.4 million) (note 6).

The Company also continues to invest in its worldwide sales organisation to broaden its market reach.

COVID-19

The Company has continued to trade throughout the COVID-19 pandemic and has been proud to supply instruments to support the vital testing and research activities being undertaken by its customers. The Company has noticed some slowing of revenue from support activities due to restrictions placed on travel, but overall the results of the Company remain in line with management expectations and shipments and order book remain strong during the first quarter of the 2022 financial year.

Financial performance

Turnover was £47,841,000 (9 month period ended 31 December 2020: £30,704,000) up 17% on a pro-rata basis with strong growth in all areas of the business. Gross profit was £29,329,000 (9 month period ended 31 December 2020: £20,318,000) up 44% on the previous period (8% growth on a pro-rata basis). The improvements in turnover and gross profit were due to increased shipments and in particular the increased focus on the core liquid handling market. Profit before tax was £14,679,000 (9 month period ended 31 December 2020: £10,781,000).

Average headcount increased from 125 to 134 in the year.

Cash balances decreased from £12.4 million to £6.8 million in the year with excess cash being used to fund parent company acquisition activities:

Strategic report (*continued*)

Principal risks and uncertainties

Market risk

The Company faces the risk of competition from other companies supplying instruments and consumables into life science research applications. We are also subject to changes in global economic and political conditions. We manage these risks by constantly striving to supply high quality innovative products to a geographically diverse range of customers.

Operational risk

There is a risk that the Company will not be able to recruit and retain sufficient numbers of commercial and technically qualified staff. We manage these risks through our recruitment policies and by offering attractive career and professional development opportunities.

There is a risk of claims of product failure. We manage this risk through processes of internal quality control and the maintenance of appropriate insurances. There is also a risk that a supplier might fail or otherwise be unable to supply key components. This risk is managed by the holding of stocks and the sourcing of components from a range of suppliers.

Financial risk management objectives and policies

The Company uses various financial instruments including loan from group companies, cash, forward foreign currency contracts, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, primarily interest rate risk, currency risk, and liquidity risk.

Currency risk

Whilst some natural hedging occurs, with foreign currency inflows used to pay same current liabilities, the Company uses a series of forward foreign currency contracts between GBP:USD to manage its exposure to fluctuations in this exchange rate (note 18).

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meeting its financial obligations as they fall due. The Company has sufficient cash reserves to meet those obligations in the foreseeable future. The Group to which the Company belongs also has access to a £2.5 million revolving credit facility, which was undrawn at 31 December 2021.

Interest rate risk

The Group to which the Company belongs finances its trading operations through retained profits and its acquisitions through equity and long-term debt. The Group has exposure to interest rate fluctuations on its external borrowings, which are subject to LIBOR and EURIBOR. The Company is a guarantor to the Group debt.

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



D Newble
Director
9 June 2022

Melbourn Science Park
Cambridge Road
Melbourn
Hertfordshire SG8 6EE

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2021.

Change of accounting reference date

The company shortened its accounting reference date in 2020 to finish on 31 December 2020. Consequently, the financial statements are presented for a twelve month period to 31 December 2021, with a nine month comparative period from 1 April 2020 to 31 December 2020.

Results and dividends

The profit after tax was £12,428,000 for the year (9 month period ended 31 December 2020: £8,455,000). The directors do not recommend the payment of a dividend (2020: £nil).

Directors

The directors who served the Company during the year and to the date of this report, were:

Patrick Bennett
David Newble
Richard Price (appointed 1 January 2022)

Going concern

The directors have prepared forecasts and projections that show that the business will have sufficient financial resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

In preparing the forecasts the directors have made certain assumptions around forecast revenues and cashflows which the directors believe are prudent in that they are no better than those achieved historically by the underlying businesses. The Company has successfully continued to manufacture and trade throughout the COVID-19 pandemic and is currently achieving its budgeted revenue, EBITDA and cash targets for the financial year ending 31 December 2022 and the group to which the company belongs has significant headroom over its loan covenants. The Company and its parent Group continues to hold significant cash reserves and has available to it a revolving credit facility of £2.5 million, which was undrawn at 31 December 2021 and to date.

There is always an uncertainty when preparing business forecasts, and the directors recognise that the COVID-19 pandemic potentially increases the level of uncertainty when preparing cashflow and trading forecasts. However, given the current trading results of the business and the success of the business in adapting its operations to the previous pandemic restrictions, the directors do not believe that uncertainty to be material or cast significant doubt over the Company's ability to continue to trade or meet its liabilities as they fall due. Accordingly, the directors have continued to prepare the financial statements on a going concern basis and have prepared the financial statements on a going concern basis.

Research and development

The principal activity of the Company continues to include the research and development of pharmaceutical instrumentation.

Donations

The Company did not make any political donations in the period (9 month period ended 31 December 2020: £nil).

Directors indemnity

The Company has not provided any Directors indemnity provisions during the financial period.

Future developments

Future developments of the Company are discussed in the strategic report.

Directors' report (*continued*)

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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.

Statement of disclosure to auditor

The directors confirm that:

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

Auditor

An elective regime is in place to dispense with the need to re-appoint the auditor annually; accordingly, Grant Thornton UK LLP are deemed to continue in office.

By order of the Board

David Newble

D Newble
Director

9 June 2022

Melbourn Science Park
Cambridge Road
Melbourn
Hertfordshire SG8 6EE

Independent auditor's report to the members of SPT Labtech Limited

Opinion

We have audited the financial statements of SPT Labtech Limited (the 'company') for the year ended 31 December 2021, which comprise the profit and loss account and statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Independent auditor's report to the members of SPT Labtech Limited (*continued*)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and the financial statements, 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 SPT Labtech 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.

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. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and industry in which it operates. We determined that the following laws and regulations were most significant: FRS 102, Companies Act 2006 and the relevant tax compliance regulations in the UK;
- We obtained an understanding of the company's policies and procedures implemented to prevent and detect non-compliance with laws and regulations by inquiry with management, those responsible for legal and compliance procedures including the company secretary. We corroborated our inquiries through our reading of board meeting minutes;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Challenging assumptions and judgements made by management in its significant accounting estimates;
 - Identifying and testing journal entries; and
 - Identifying and testing related party transactions
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- It is the audit partner's assessment that the audit team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations based on understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation.
- Management have not communicated to the audit team any matters of non-compliance with laws and regulations or fraud and no such matters were identified by the audit team.

Independent auditor's report to the members of SPT Labtech Limited (*continued*)

Use of our report

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

 10/6/2022
uk LLP

Stephen Wyborn
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

Profit and Loss Account and Statement of Comprehensive Income
for the year ended 31 December 2021

	<i>Notes</i>	Year ended 31 December 2021 £'000	9 month period ended 31 December 2020 £'000
Turnover	4	47,841	30,704
Cost of sales		(18,512)	(10,386)
Gross profit		29,329	20,318
Other operating income	5	518	1,222
Other operating charges	6	(15,210)	(10,759)
Operating profit	7	14,637	10,781
Interest payable and similar charges	8	42	-
Profit before taxation		14,679	10,781
Taxation	11	(2,251)	(2,326)
Profit for the year and total comprehensive income		12,428	8,455

There is no other comprehensive income in the current or prior year.

All of the above activities of the Company are classed as continuing.

The notes on pages 13 to 27 form part of these financial statements.

Balance Sheet
at 31 December 2021

	<i>Notes</i>	31 December 2021	31 December 2020
		£'000	£'000
Fixed assets			
Intangible assets	<i>12</i>	45	83
Tangible assets	<i>13</i>	1,807	1,508
Investments	<i>14</i>	52	52
		1,904	1,643
Current assets			
Stocks	<i>15</i>	7,332	7,754
Debtors	<i>16</i>	36,665	16,206
Cash and cash equivalents		6,831	12,415
		50,828	36,375
Creditors: amounts falling due within one year	<i>17</i>	(16,327)	(13,897)
Net current assets		34,501	22,478
Total assets less current liabilities		36,405	24,121
Provision for liabilities			
Warranty provision	<i>19</i>	(406)	(550)
Net assets		35,999	23,571
Capital and reserves			
Called up share capital	<i>20</i>	500	500
Share premium	<i>21</i>	6,950	6,950
Capital contribution	<i>21</i>	3,560	3,560
Profit and loss account	<i>21</i>	24,989	12,561
Total equity		35,999	23,571

The notes on pages 13 to 27 form part of these financial statements.

These financial statements were approved and authorised for issue by the board of directors on 9 June 2022 and were signed on its behalf by:

David Newble

D Newble
Director

Company registered number: 03300999

Statement of Changes in Equity
At 31 December 2021

	Called up share capital	Share premium	Capital contribution	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
At 31 March 2020	500	6,950	3,560	4,106	15,116
Profit for the year and total comprehensive income	-	-	-	8,455	8,455
At 31 December 2020	500	6,950	3,560	12,561	23,571
Profit for the period and total comprehensive income	-	-	-	12,428	12,428
At 31 December 2021	500	6,950	3,560	24,989	35,999

The notes on pages 13 to 27 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Corporate information

SPT Labtech Limited (the “Company”) is a private company incorporated, domiciled and registered in England and Wales. The registered office is shown on page 2. The Company’s operations and activities are described in the Strategic Report on page 3.

2 Accounting policies

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”) and the Companies Act 2006. The presentation currency of these financial statements is Sterling.

FRS 102 allows a qualifying entity certain disclosure exemption, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company’s shareholders.

The company has taken advantage of the following exemptions in its financial statements:

- From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated financial statements of its immediate parent company, includes the company’s cash flows;
- From the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures of its immediate parent company;
- From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.
- The exemption in FRS 102 Chapter 33 Related Party Disclosures paragraph 33.1A not to disclose transactions with wholly owned fellow subsidiaries of the BV Acquisitions XII SPT Limited Holdings group as at 31 December 2021.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

Consolidated financial statements

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of SPT Acquico Limited, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company.

Going concern

The directors have prepared forecasts and projections that show that the business will have sufficient financial resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

In preparing the forecasts the directors have made certain assumptions around forecast revenues and cashflows which the directors believe are prudent in that they are no better than those achieved historically by the underlying businesses. The Company successfully continued to manufacture and trade throughout the COVID-19 pandemic and is currently achieving its budgeted revenue, EBITDA and cash targets for the financial year ending 31 December 2022 and the group to which it belongs has significant headroom over its loan covenants. The Company and its parent Group continues to hold significant cash reserves and has available to it a revolving credit facility of £2.5 million, which was undrawn at 31 December 2022 and to date.

Notes*(forming part of the financial statements)***2 Accounting policies (continued)*****Going concern (continued)***

There is always an uncertainty when preparing business forecasts, and the directors recognise that the COVID-19 pandemic potentially increases the level of uncertainty when preparing cashflow and trading forecasts. However, given the current trading results of the business and the success of the business in adapting its operations to the previous pandemic restrictions, the directors do not believe that uncertainty to be material or cast significant doubt over the Company's ability to continue to trade or meet its liabilities as they fall due. Accordingly, the directors have continued to prepare the financial statements on a going concern basis and have prepared the financial statements on a going concern basis.

Intangible assets

Licenses acquired separately from a business combination are capitalised at cost, classified as assets on the balance sheet and amortised on a straight-line basis over their useful lives of 3-5 years.

The carrying value of each intangible asset is reviewed for impairment at each reporting date. If considered impaired, the carrying value is reduced to its recoverable amount through an impairment charge in profit and loss. An impairment loss is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Tangible assets

Tangible assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

- Plant and equipment: 2 – 7 years

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments are held at cost less provision for diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	purchase cost on a first-in, first-out basis
Work in progress and finished goods	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes

(forming part of the financial statements)

2 Accounting policies *(continued)*

Revenue recognition

Turnover is the revenue arising from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax and discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, usually on shipment of the goods.

Revenue from services provided by the Company is recognised evenly over the period of the contract.

The Company undertakes some laboratory solution contracts ("Lab2Lab"), the revenue of which is recognised by construction contract accounting. When the outcome of a contract can be estimated reliably, revenue and associated contract costs are recognised by reference to the stage of completion of the contract at the end of the reporting period. The method used to determine the stage of completion of the contract is by assessing the percentage completion of the physical proportion of the contract work and/or the completion of the proportion of the service contract.

Research and development expenditure

Research and development expenditure is written off through the profit and loss account in the year of expenditure.

Research and development expenditure credit

Qualifying costs incurred on consulting activities and research and development entitle the Company to a payment from HM Revenue and Customs. The payment, which has the nature of a government grant, is credited to other operating income so as to match the income to which it relates.

Foreign currency

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within 'Interest payable & similar costs' and 'Interest receivable & similar income'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

Operating lease agreements

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

Pension costs

The Company participates in a Group Personal Pension Plan. Contributions are charged to the profit and loss account as they become payable in accordance with the plan rules.

Deferred taxation

Deferred tax is recognised in respect of all timing differences, except that deferred tax assets are recognised only to the extent that the directors consider it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Timing differences arise when incomes or expenses are recognised in the taxable profit in a different period to their recognition in the accounting profit.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes

(forming part of the financial statements)

2 Accounting policies *(continued)*

Trade receivables

Trade and other receivables are measured at amortized cost, using the effective interest method, less any impairment loss. An allowance for impairment of trade and other receivables is established if the collection of a receivable becomes doubtful.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.

The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities and equity

Basic financial liabilities, including trade and other payables, loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including forward foreign currency contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in other operating income or charges, as appropriate, unless they are included in a hedging arrangement.

Notes*(forming part of the financial statements)***3 Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The directors consider that there are no critical accounting judgements on key sources of estimation uncertainty affecting the results of the company in either the current or the prior year reporting periods.

4 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of value added tax. Turnover is analysed by activity as follows:

	Year ended 31 December 2021 £'000	Period ended 31 December 2020 £'000
Sale of manufactured goods, parts and consumables	39,568	25,250
Product-related services	8,273	5,454
	47,841	30,704

All turnover arises within the United Kingdom and was contributed from the following geographical markets:

	Year ended 31 December 2021 £'000	Period ended 31 December 2020 £'000
United Kingdom	8,500	2,853
Europe	10,725	6,036
North America	22,349	16,697
Rest of World	6,267	5,118
	47,841	30,704

5 Other operating income

	Year ended 31 December 2021 £'000	Period ended 31 December 2020 £'000
RDEC tax credits in relation to current period	518	325
RDEC tax credits in relation to prior period	-	85
Unrealised gain on derivative financial instruments (note 7)	-	812
	518	1,222

Qualifying costs incurred on consulting activities and research and development entitle the group to a payment from HM Revenue and Customs, under the "RDEC" scheme. The payment, which has the nature of a government grant, is credited to other operating income so as to match the income to which it relates.

Notes (continued)**6 Other operating charges**

	Year ended 31 December 2021 £'000	Period ended 31 December 2020 £'000
Sales & Marketing expenses	5,047	3,269
Administrative expenses	5,506	4,085
Research and development expenses	4,312	2,395
Net foreign exchange (gains)/loss	(381)	831
Unrealised loss on derivative financial instruments (note 7)	583	-
Restructuring costs	143	179
	15,210	10,759

Research and development expenses includes £3,452,000 (9 month period ended 31 December 2020: £2,025,000) of research and development labour costs, £849,000 (9 month period ended 31 December 2020: £370,000) of research and development material expenditure costs and £10,000 (9 month period ended 31 December 2020: £nil) of research and development travel costs.

7 Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 31 December 2021 £'000	Period ended 31 December 2020 £'000
Amortisation of intangible assets (note 12)	38	29
Depreciation of tangible assets (note 13)	735	431
Stock – provision for slow moving stock	167	-
Auditor's remuneration:		
- Fees payable to the Company's auditor for the audit of the financial statements	51	48
- Other fees to auditor – taxation compliance services	12	12
Non-recurring expenditure	143	179
Research and development expenditure written off	4,312	2,395
Net foreign exchange (gains)/losses	(381)	831
Unrealised losses /(gains) on forward foreign exchange contracts (note 18)	583	(812)
RDEC tax credits (note 5)	(518)	(410)
Operating lease expense (note 23)	458	433

Non-recurring expenditure are costs incurred during the transformation of the business including redundancy costs, office relocation costs and other company restructuring costs.

Notes (continued)**8 Interest receivable**

	Year ended 31 December 2021 £'000	Period ended 31 December 2020 £'000
Interest receivable on amounts due from fellow group undertakings	42	-
	<u>42</u>	<u>-</u>

9 Staff costs

	Year ended 31 December 2021 £'000	Period ended 31 December 2020 £'000
Salaries	8,812	6,142
Social security costs	987	727
Other pension costs	808	527
	<u>10,608</u>	<u>7,396</u>

The average monthly numbers of persons (including executive directors) employed by the Company during the year were as follows:

	Year ended 31 December 2021 No.	Period ended 31 December 2020 No.
Manufacturing	47	44
Research & development	35	34
Sales	20	18
Service & support	19	15
Management & Administration	13	14
	<u>134</u>	<u>125</u>

10 Directors' remuneration

Directors of the Company received the following remuneration:

	Year ended 31 December 2021 £'000	Period ended 31 December 2020 £'000
Emoluments	724	618
	<u>724</u>	<u>618</u>

No directors (2020: two) received defined contribution pension benefits.

The emoluments of the highest paid director were £406,000 (9 month period ended 31 December 2020: £393,000). The pension contributions of the highest paid director were £nil (2020: £nil).

Notes (continued)**11 Taxation**

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	Year ended 31 December 2021	Period ended 31 December 2020
	£'000	£'000
Current tax		
UK Corporation tax - current tax	2,057	1,830
UK Corporation tax - prior tax	-	(178)
Foreign tax – current year	374	427
Foreign tax –prior year	-	254
Total current tax	<u>2,431</u>	<u>2,333</u>
Deferred tax		
Origination and reversal of timing differences	139	13
Adjustments in respect of prior years	(319)	(20)
Effect of change in opening rate	-	-
	<u>(180)</u>	<u>(7)</u>
Total tax	<u><u>2,251</u></u>	<u><u>2,326</u></u>

Notes (continued)**11 Taxation (continued)**

Factors affecting the tax charge for the year of effective tax rate

	Year ended 31 December 2021	Period ended 31 December 2020
	£'000	£'000
Profit before taxation	14,679	10,781
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 19% (2020: 19%)	2,789	2,048
Effects of:		
Income not taxable	(71)	(81)
Expenses not deductible for tax purposes	14	13
R&D Expenditure credits	(3)	(16)
Adjustment in respect of prior years – current tax	(338)	178
Adjustment in respect of prior years – deferred tax	18	(20)
Adjusting deferred tax to change in rate of tax	31	-
Foreign tax credits	374	427
Group relief received for nil payment	(563)	(223)
Tax charge on profit on ordinary activities	<u>2,251</u>	<u>2,326</u>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the headline rate of corporation tax would increase from 19% to 25%. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured at the rate they are expected to unwind using these enacted tax rates and reflected in these financial statements.

Deferred tax

The deferred tax assets/(liabilities) are as follows:

	£'000
Balance at start of period	27
Charged to profit and loss account	(156)
Balance at end of period (note 17)	<u>(129)</u>

Deferred tax assets/(liabilities) relate to fixed asset and short term other timing differences.

Notes *(continued)***12 Intangible assets**

	Licences £'000
<i>Cost</i>	
At 1 January 2021	191
At 31 December 2021	191
<i>Amortisation</i>	
At 1 January 2021	108
Charge for the year	38
At 31 December 2021	146
<i>Net book value</i>	
At 31 December 2021	45
At 31 December 2020	83

Intangible assets are licences for use of intellectual property relating to the Company's products.

Notes (continued)**13 Tangible fixed assets**

	Plant and Equipment £'000
Cost	
At 1 January 2021	5,539
Additions	1,035
Disposals	(23)
At 31 December 2021	<u><u>6,551</u></u>
Depreciation	
At 1 January 2021	4,031
Disposals	736
Charge for the year	(23)
At 31 December 2021	<u><u>4,744</u></u>
Net book value	
At 31 December 2021	<u><u>1,807</u></u>
At 31 December 2020	<u><u>1,508</u></u>

14 Investments

At 31 December 2021 and 31 December 2020, the Company held an investment of £52,000, being 100% of the allotted ordinary share capital of SPT Labtech India Pvt Ltd, a company incorporated in India.

Name	Address of registered office	Nature of business	Country of incorporation
SPT Labtech India Pvt Ltd	SRS Tower, 134-135, First Floor, Sector 31, 14/5 Mathura Road, Faridabad (NCR Delhi) 121003	Pharmaceutical instrumentation	India

Notes (continued)**15 Stocks**

	31 December 2021	31 December 2020
	£'000	£'000
Raw materials and consumables	3,322	4,055
Work in progress	678	1,203
Finished goods	3,332	2,496
	<u>7,332</u>	<u>7,754</u>

The difference between purchase price or production cost of stock and their replacement cost is not material.

Stocks recognised as an expense in the period were £13,884,000 (9 month period ended 31 December 2020: £7,833,000).

Provision of £167,000 (9 month period ended 31 December 2020: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

16 Debtors

	31 December 2021	31 December 2020
	£'000	£'000
Trade debtors	13,846	9,110
Amounts owed by group undertakings	19,809	5,094
Taxation receivable	1,278	-
Other debtors	33	274
Prepayments and accrued income	1,699	1,266
Deferred tax asset (note 11)	-	27
Derivative financial asset	-	435
	<u>36,665</u>	<u>16,206</u>

An impairment loss of £105,000 was recognised against trade debtors at 31 December 2021 (31 December 2020: £nil).

Amounts owed by group undertakings and associates are unsecured, interest free and repayable on demand.

Notes (continued)**17 Creditors: amounts falling due within one year**

	<i>Notes</i>	31 December 2021	31 December 2020
		£'000	£'000
Trade creditors		3,321	2,099
Amounts owed to group undertakings		1,537	778
Corporation tax payable		-	535
Other creditors		2,097	706
Deferred tax liability (note 11)		129	-
Accruals and deferred income		9,095	9,779
Derivative financial liability	<i>18</i>	148	-
		<u>16,327</u>	<u>13,897</u>

Amounts owed to group undertakings and associates are unsecured, interest free and repayable on demand.

18 Derivative financial instruments

During the period the Company entered into a series of forward foreign current contracts to manage its exposure to movements in the USD: GBP exchange rate. At 31 December 2021 the outstanding contracts all mature within 12 months of the year end. The Company is committed to sell a fixed USD 10.0 million and buy GBP 7.2 million.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD. The fair value of the forward-foreign currency contracts is £148,000 (liability) (31 December 2020: £435,000 asset).

A reconciliation of the balance sheet to the fair value movement in the profit and loss is presented below:

	£'000
At start of year	435
Loss recognised in the year	(583)
Balance at end of year	<u>(148)</u>
Creditors (note 17)	<u>(148)</u>

19 Provision for liabilities**Maintenance warranty provision**

	31 December 2021	31 December 2020
	£'000	£'000
At start of period	550	439
(Credited)/charged to profit and loss during the	(45)	229
Utilised during the year	(99)	(118)
At end of period	<u>406</u>	<u>550</u>

A provision is recognised for the expected warranty claims on products sold during the year, which is typically for 12 months from the date of dispatch. It is expected that the cost will be incurred in the next financial year.

Notes (continued)**20 Share capital***Allotted, called up and fully paid*

Ordinary shares of £1 each

At 1 January 2021 and 31 December 2021

Number	Aggregate value
	£'000
500,000	500

21 Reserves*Profit and loss account*

The profit and loss account includes all current year and prior period retained profits and losses.

Share premium account

This reserve records the amount above the nominal value received for shares issued.

Capital contribution

This reserve records the investment made in the Company by the parent company.

22 Guarantees and other financial commitments*Pension commitments*

During the year the Company participated in the SPT Labtech Personal Pension Plan. The assets of which are held in independently administered funds.

The pension cost charge represents contributions payable by the Company to the plan and amounted to £808,000 (9 month period ended 31 December 2020: £527,000). The creditor outstanding at 31 December 2021 was £14,000 (31 December 2020: £nil).

At 31 December 2021 the Company was committed to £nil (31 December 2020: £ nil) of capital expenditure for leasehold improvements.

23 Operating leases

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 December 2021	31 December 2020
	£'000	£'000
Not later than one year	456	342
Later than one year and not later than five years	345	787
	801	1,129

24 Related party transactions

The Company has taken advantage of the exemptions in FRS 102 from disclosing transactions with related parties that are wholly-owned by BV Acquisitions XII SPT Limited or investees of the group at 31 December 2021; and the aggregate remuneration of key management personnel.

Notes *(continued)*

25 Ultimate parent company

The immediate parent company is SPT AcquiCo Limited.

The smallest group in which the results of the Company are consolidated is that headed by SPT AcquiCo Limited. The Largest group in which the results of the Company are consolidated is that headed by BV Acquisitions XII SPT Limited. Consolidated financial statements of BV Acquisitions XII SPT Limited are publicly available from Companies House.

The directors are of the opinion that BV Acquisitions XII SPT Limited is majority owned by the Battery Ventures XII private equity funds managed by Battery Ventures.