

LabWare Limited
Financial Statements
For the Year Ended
31 December 2017



BEEVER AND STRUTHERS
Chartered accountant & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

LabWare Limited
Financial Statements
Year Ended 31 December 2017

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LabWare Limited
Officers and Professional Advisers

The Board of Directors

Mr MD Gonzalez
Dr RWA Hillhouse
Mr V Kershner
Labware Holdings Inc.
Mr N Townsend

Company Secretary

John Carlisle Peet III

Registered Office

Denzell Lodge
Dunham Road
Bowden
Altrincham
Cheshire
WA14 4QE

Auditor

Beever and Struthers
Chartered accountant & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

Bankers

National Westminster Bank plc
35 King William Street
Blackburn
Lancashire
BB1 7DL

LabWare Limited
Strategic Report
Year Ended 31 December 2017

Principal activity

The principal activity of the company during the year continues to be laboratory automation software provided through licensing, maintenance contracts and training and service.

Fair review of the business

LabWare's European business completed another successful year and further strengthened our leading market position. The business was able to navigate exchange rate challenges caused by the depreciation of sterling following the uncertainty over Brexit and achieved very satisfying revenue growth. Profitability met expectations, and cash reserves are strong.

We experienced a high demand for our software and services across all territories. This resulted in an increased number of new customer projects in 2017 which have provided a strong pipeline of service and other add-on business going into 2018.

We continued to invest in growing our European services team to keep pace with service demand and restructured the administrative support team to provide enhanced invoice processing and improved credit control. The German branch office was relocated to offer improved customer training facilities. We also relocated the Swiss branch office from Lausanne to a more strategic location in Basel, and invested in adding sales and service team members based out of the Swiss office.

It was pleasing to note that we had our largest-ever annual European customer meeting in June 2017 demonstrating enthusiasm amongst our customer-base is strong. We have a very experienced sales team, confident in our product and services and we expect to add new team members in 2018, along with active participation in a range of customer facing promotional activities across Europe.

Principle risks and uncertainties

We have identified no specific, or new competitive threats for the coming year. Our product and service offerings remain very strong and we expect to introduce new services and add-on products during 2018. We always emphasise to our sales team the importance of selling within our product and service capabilities and to ensure contractual commitments are realistic. Customer satisfaction remains our priority, and our ISO 9001 quality system which drives all aspects of the sales, delivery and support processes will be upgraded in 2018 to achieve ISO9001: 2015 certification. Government Brexit negotiations will be closely monitored for any potential impact on LabWare Limited's ability to trade with the EU and mitigation plans will be prepared if negotiations yield any undesirable outcomes.

Future developments

2017 generated a similar number of new projects to 2016, and accordingly this provides a strong pipeline of service work for 2018. We will continue to invest in growing our services team to keep pace with the expanding customer-base, with a focus on balancing resource geographically across Europe. We also intend to strengthen our sales, and sales support team in order to ensure sales momentum is maintained and to develop new geographical and industry market segments.

LabWare Limited
Strategic Report *(continued)*
Year Ended 31 December 2017

This report was approved by the board of directors on 4 July 2018 and signed on behalf of the board by:



Mr N Townsend
Director

Registered office:
Denzell Lodge
Dunham Road
Bowden
Altrincham
Cheshire
WA14 4QE

LabWare Limited
Directors' Report
Year Ended 31 December 2017

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

Directors

The directors who served the company during the year were as follows:

Mr MD Gonzalez
Dr RWA Hillhouse
Mr V Kershner
Labware Holdings Inc.
Mr N Townsend

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Disclosure of Information in the Strategic Report

Information with regards to future developments and financial instruments has been included in the Strategic Report.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

LabWare Limited

Directors' Report *(continued)*

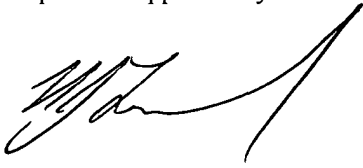
Year Ended 31 December 2017

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 4 July 2018 and signed on behalf of the board by:



Mr N Townsend
Director

Registered office:
Denzell Lodge
Dunham Road
Bowden
Altrincham
Cheshire
WA14 4QE

LabWare Limited

Independent Auditor's Report to the Members of LabWare Limited

Year Ended 31 December 2017

Opinion

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

In our opinion the financial statements:

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

LabWare Limited

Independent Auditor's Report to the Members of LabWare Limited *(continued)*

Year Ended 31 December 2017

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

LabWare Limited

Independent Auditor's Report to the Members of LabWare Limited *(continued)*

Year Ended 31 December 2017

Responsibilities of Directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Use of Our Report

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

Beever and Struthers

Iain Round BSc FCA (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered accountant & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

4 July 2018

LabWare Limited
Statement of Comprehensive Income
Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	38,285,870	32,150,458
Cost of sales		17,080,797	15,215,754
Gross profit		21,205,073	16,934,704
Administrative expenses		10,056,851	6,348,229
Other operating income		149,540	7,997
Operating profit	5	11,297,762	10,594,472
Other interest receivable and similar income	9	12,571	6,512
Interest payable and similar expenses	10	19,298	26,543
Profit before taxation		11,291,035	10,574,441
Tax on profit	11	2,460,423	2,354,077
Profit for the financial year		<u>8,830,612</u>	<u>8,220,364</u>
Foreign currency retranslation		209,033	489,300
Total comprehensive income for the year		<u>9,039,645</u>	<u>8,709,664</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

LabWare Limited
Statement of Financial Position
31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	1,664,947	1,686,694
Current assets			
Debtors	14	20,438,754	20,053,956
Investments	15	65,213	62,834
Cash at bank and in hand		14,591,854	14,792,440
		<u>35,095,821</u>	<u>34,909,230</u>
Creditors: amounts falling due within one year	17	<u>10,546,581</u>	<u>11,142,340</u>
Net current assets		<u>24,549,240</u>	<u>23,766,890</u>
Total assets less current liabilities		<u>26,214,187</u>	<u>25,453,584</u>
Creditors: amounts falling due after more than one year	18	<u>530,209</u>	<u>581,647</u>
Net assets		<u>25,683,978</u>	<u>24,871,937</u>
Capital and reserves			
Called up share capital	22	95,163	95,163
Profit and loss account	23	<u>25,588,815</u>	<u>24,776,774</u>
Shareholders funds		<u>25,683,978</u>	<u>24,871,937</u>

These financial statements were approved by the board of directors and authorised for issue on 4 July 2018, and are signed on behalf of the board by:



Mr N Townsend
Director

Company registration number: 03033163

The notes on pages 13 to 24 form part of these financial statements.

LabWare Limited
Statement of Changes in Equity
Year Ended 31 December 2017

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2016		95,163	19,300,934	19,396,097
Profit for the year			8,220,364	8,220,364
Other comprehensive income for the year:				
Foreign currency retranslation		—	489,300	489,300
Total comprehensive income for the year		—	8,709,664	8,709,664
Dividends paid and payable	12	—	(3,233,824)	(3,233,824)
Total investments by and distributions to owners		—	(3,233,824)	(3,233,824)
At 31 December 2016		95,163	24,776,774	24,871,937
Profit for the year			8,830,612	8,830,612
Other comprehensive income for the year:				
Foreign currency retranslation		—	209,033	209,033
Total comprehensive income for the year		—	9,039,645	9,039,645
Dividends paid and payable	12	—	(8,227,604)	(8,227,604)
Total investments by and distributions to owners		—	(8,227,604)	(8,227,604)
At 31 December 2017		<u>95,163</u>	<u>25,588,815</u>	<u>25,683,978</u>

The notes on pages 13 to 24 form part of these financial statements.

LabWare Limited
Statement of Cash Flows
Year Ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		8,830,612	8,220,364
<i>Adjustments for:</i>			
Depreciation of tangible assets		79,181	65,629
Other interest receivable and similar income		(12,571)	(6,512)
Interest payable and similar expenses		19,298	26,543
Loss on disposal of tangible assets		–	341
Tax on profit		2,460,423	2,354,077
Accrued (income)/expenses		(1,113,520)	1,411,255
<i>Changes in:</i>			
Trade and other debtors		(393,998)	(2,900,485)
Trade and other creditors		397,478	1,066,903
Cash generated from operations		10,266,903	10,238,115
Interest paid		(19,298)	(26,543)
Interest received		12,571	6,512
Tax paid		(2,344,382)	(2,477,205)
Net cash from operating activities		<u>7,915,794</u>	<u>7,740,879</u>
Cash flows from investing activities			
Purchase of tangible assets		(57,434)	(36,527)
Proceeds from sale of tangible assets		–	16
Net cash used in investing activities		<u>(57,434)</u>	<u>(36,511)</u>
Cash flows from financing activities			
Proceeds from borrowings		(52,344)	(49,948)
Proceeds from loans from group undertakings		223,381	46,117
Dividends paid		(8,227,604)	(3,233,824)
Net cash used in financing activities		<u>(8,056,567)</u>	<u>(3,237,655)</u>
Net (decrease)/increase in cash and cash equivalents		(198,207)	4,466,713
Cash and cash equivalents at beginning of year		14,855,274	10,388,561
Cash and cash equivalents at end of year	16	<u>14,657,067</u>	<u>14,855,274</u>

The notes on pages 13 to 24 form part of these financial statements.

LabWare Limited

Notes to the Financial Statements

Year Ended 31 December 2017

1. General Information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Denzell Lodge, Dunham Road, Bowden, Altrincham, Cheshire, WA14 4QE.

2. Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting Policies

Basis of Preparation

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

The financial statements are prepared in sterling, which is the presentational currency of the entity.

The functional currency of the entity is Euros.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technical innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Determination whether the leases entered into by the company as lessee are operating or finance leases. These decisions depend on an assessment of whether the risk and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

LabWare Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

3. Accounting Policies *(continued)*

Judgements and Key Sources of Estimation Uncertainty *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Determination that there are no indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of that unit.
- Determination of recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not fully recoverable. A provision of £443,078 (2016: £15,113) has been recognised against trade debtors.

Revenue Recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign Currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

LabWare Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

3. Accounting Policies *(continued)*

Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

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

Freehold Property	-	2% straight line
Leasehold Property	-	2% straight line
Furniture & Fittings	-	25% reducing balance
Computer Equipment	-	3 years straight line

Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Financial Instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

LabWare Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

3. Accounting Policies *(continued)*

Financial Instruments *(continued)*

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2017 £	2016 £
Rendering of services	<u>38,285,870</u>	<u>32,150,458</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2017 £	2016 £
United Kingdom	7,610,919	5,933,932
Europe	24,988,567	19,700,757
Rest of World	5,686,384	6,515,769
	<u>38,285,870</u>	<u>32,150,458</u>

LabWare Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

5. Operating Profit

Operating profit or loss is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible assets	79,181	65,629
Loss on disposal of tangible assets	—	341
Impairment of trade debtors	2,537	1,267,000
Foreign exchange differences	978,814	(2,891,520)
Operating lease costs	<u>197,282</u>	<u>142,483</u>

6. Auditor's Remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>35,700</u>	<u>34,000</u>
Fees payable to the company's auditor and its associates for other services:		
Audit-related assurance services	5,250	5,000
Taxation advisory services	<u>5,578</u>	<u>5,312</u>
	<u>10,828</u>	<u>10,312</u>

7. Staff Costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Administrative staff	91	83
Management staff	6	7
Sales	<u>13</u>	<u>13</u>
	<u>110</u>	<u>103</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	5,955,329	5,235,829
Social security costs	1,089,224	960,049
Other pension costs	<u>159,268</u>	<u>221,640</u>
	<u>7,203,821</u>	<u>6,417,518</u>

LabWare Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

8. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	442,726	433,591
Company contributions to defined contribution pension plans	8,220	8,448
	<u>450,946</u>	<u>442,039</u>

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

	2017	2016
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

Remuneration of the highest paid director in respect of qualifying services:

	2017	2016
	£	£
Aggregate remuneration	<u>291,114</u>	<u>241,271</u>

9. Other Interest Receivable and Similar Income

	2017	2016
	£	£
Interest on cash and cash equivalents	<u>12,571</u>	<u>6,512</u>

10. Interest Payable and Similar Expenses

	2017	2016
	£	£
Interest on banks loans and overdrafts	<u>19,298</u>	<u>26,543</u>

11. Tax on Profit

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	1,728,592	1,644,794
Adjustments in respect of prior periods	25,562	2,228
Total UK current tax	<u>1,754,154</u>	<u>1,647,022</u>
Foreign current tax expense	697,069	705,541
Total current tax	<u>2,451,223</u>	<u>2,352,563</u>

LabWare Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

11. Tax on Profit *(continued)*

	2017 £	2016 £
Deferred tax:		
Origination and reversal of timing differences	9,200	1,514
Tax on profit	<u>2,460,423</u>	<u>2,354,077</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	11,291,035	10,574,441
Profit on ordinary activities by rate of tax	2,173,524	2,114,888
Adjustment to tax charge in respect of prior periods	25,562	2,228
Effect of expenses not deductible for tax purposes	21,008	24,212
Adjustment for higher tax rates on overseas earnings	229,466	211,826
Other adjustments	10,863	923
Tax on profit	<u>2,460,423</u>	<u>2,354,077</u>

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017 £	2016 £
Dividends on equity shares	<u>8,227,604</u>	<u>3,233,824</u>

LabWare Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

13. Tangible Assets

	Freehold Property £	Leasehold Property £	Furniture and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2017	365,394	1,508,341	225,472	160,247	2,259,454
Additions	–	–	33,359	24,075	57,434
Disposals	–	–	(538)	(47,572)	(48,110)
At 31 December 2017	<u>365,394</u>	<u>1,508,341</u>	<u>258,293</u>	<u>136,750</u>	<u>2,268,778</u>
Depreciation					
At 1 January 2017	36,541	216,796	195,565	123,858	572,760
Charge for the year	7,308	30,167	16,370	25,336	79,181
Disposals	–	–	(538)	(47,572)	(48,110)
At 31 December 2017	<u>43,849</u>	<u>246,963</u>	<u>211,397</u>	<u>101,622</u>	<u>603,831</u>
Carrying amount					
At 31 December 2017	<u>321,545</u>	<u>1,261,378</u>	<u>46,896</u>	<u>35,128</u>	<u>1,664,947</u>
At 31 December 2016	<u>328,853</u>	<u>1,291,545</u>	<u>29,907</u>	<u>36,389</u>	<u>1,686,694</u>

14. Debtors

	2017 £	2016 £
Trade debtors	13,783,491	14,378,078
Amounts owed by group undertakings	2,998,111	1,859,156
Deferred tax asset	8,400	17,600
Prepayments and accrued income	2,883,986	3,368,264
Corporation tax repayable	109,290	–
Directors loan account	4,517	4,507
Other debtors	650,959	426,351
	<u>20,438,754</u>	<u>20,053,956</u>

15. Investments

	2017 £	2016 £
Short-term deposits	<u>65,213</u>	<u>62,834</u>

16. Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	2017 £	2016 £
Cash at bank and in hand	14,591,854	14,792,440
Short-term deposits	<u>65,213</u>	<u>62,834</u>
	<u>14,657,067</u>	<u>14,855,274</u>

LabWare Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

17. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	49,759	50,665
Trade creditors	1,345,629	1,141,822
Amounts owed to group undertakings	294,041	70,660
Accruals and deferred income	6,152,810	7,266,330
Corporation tax	1,423,136	1,316,295
Social security and other taxes	1,028,580	979,643
Other creditors	252,626	316,925
	<u>10,546,581</u>	<u>11,142,340</u>

Included within bank loans and overdrafts is a bank loan for £49,759 (2016: £50,665) which is secured by a debenture dated 10 June 2005 on all assets of the company and a legal charge on Denzell Lodge, the registered office.

18. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Bank loans and overdrafts	<u>530,209</u>	<u>581,647</u>

Included within bank loans and overdrafts is a bank loan for £530,209 (2016: £581,647) which is secured by a debenture dated 10 June 2005 on all assets of the company and a legal charge on Denzell Lodge, the registered office.

Included within creditors: amounts falling due after more than one year is an amount of £310,340 (2016: £367,500) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

19. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in debtors (note 14)	<u>8,400</u>	<u>17,600</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	<u>(8,400)</u>	<u>(17,600)</u>

20. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £151,048 (2016: £213,192).

LabWare Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

20. Employee Benefits *(continued)*

At the balance sheet date pension contributions totalling £Nil (2016: £Nil) were outstanding and included within creditors.

21. Financial Instruments

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>17,245,751</u>	<u>16,542,688</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>(2,890,896)</u>	<u>(3,056,701)</u>

22. Called Up Share Capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of 1 USD each shares of £0.63442 each	<u>150,000</u>	<u>95,163</u>	<u>150,000</u>	<u>95,163</u>

23. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses. Included within the profit and loss account is £17,805 of non-distributable reserves.

24. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Not later than 1 year	170,295	82,201
Later than 1 year and not later than 5 years	546,516	255,826
Later than 5 years	<u>305,149</u>	<u>94,110</u>
	<u>1,021,960</u>	<u>432,137</u>

25. Directors' Advances, Credits and Guarantees

During the year the company advanced cash to meet business expenses to Dr RAW Hillhouse totalling £10 (2016: £1,066). At 31 December 2017 the company owed Dr RAW Hillhouse £482 (2016: £492) and was owed £4,999 (2016: £4,999) by Mr MD Gonzalez, which was the maximum amount during the year.

LabWare Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

26. Related Party Transactions

During the year the company made the following related party transactions:

LabWare Holdings Inc.

(Parent company)

During the year, in the normal course of business, the company sold services totalling £238,289 (2016: £141,020) to, purchased licences and services totalling £7,414,984 (2016: £7,797,821) from, and paid dividends totalling £8,227,604 (2016: £3,233,824) to LabWare Holdings Inc. At 31 December 2017 the aggregate amount due from LabWare Holdings Inc. was £1,534,913 (2016: £128,061).

LabWare Inc.

(100% Subsidiary of LabWare Holdings Inc.)

During the year, in the course of business, the company purchased services totalling £245,533 (2016: £232,417) from and sold services totalling £346,904 (2016: £298,229) to LabWare Inc. At 31 December 2017 the aggregate amount due from LabWare Inc. was £106,128 (2016: £42,993).

LabWare Global Services Inc.

(100% Subsidiary of LabWare Holdings Inc.)

During the year, in the course of business, the company purchased services totalling £10,427 (2016: £127,633) from and sold services totalling £2,058,166 (2016: £1,990,410) to LabWare Global Services Inc. At 31 December 2017 the aggregate amount due from LabWare Global Services Inc. was £252,104 (2016: £526,267).

LabWare Latin America Inc.

(100% Subsidiary of LabWare Holdings Inc.)

During the year, in the course of business, the company purchases services totalling £21,048 (2016: £Nil) from and sold services totalling £12,259 (2016: £305,293) to LabWare Latin America Inc. At 31 December 2017 the aggregate amount due to LabWare Latin America Inc. was £15,772 (2016: £306,896 due from).

LabWare Australia Pty Limited

(100% Subsidiary of LabWare Holdings Inc.)

During the year, in the course of business, the company purchased services totalling £Nil (2016: £4,828) from LabWare Australia Pty Limited. At 31 December 2017 the amount due to LabWare Australia Pty Limited was £4,447 (2016: £4,876).

LabWare Singapore Pte Limited

(100% Subsidiary of LabWare Holdings Inc.)

During the year, in the course of business, the company purchased services totalling £43,801 (2016: £47,563) from and sold services totalling £8,830 (2016: £Nil) to LabWare Singapore Pte Limited. At 31 December 2017 the aggregate amount due from LabWare Singapore Pte Limited was £8,643 (2016: £Nil).

Beijing LabWare Sci & Tech Co. Limited

(100% Subsidiary of LabWare Holdings Inc.)

During the year, in the course of business, the company purchased services totalling £39,159 (2016: £17,765) from and sold services totalling £Nil (2016: £21,136) to Beijing LabWare Sci & Tech Co. Limited. At 31 December 2017 the company was owed £8,907 (2016: £15,184) from Beijing LabWare Sci & Tech Co. Limited.

LabWare Brasil

LabWare Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

(100% subsidiary of LabWare Holdings Inc.)

During the year, in the course of business, the company purchased services totalling £11,961 (2016: £6,063) from LabWare Brasil. At 31 December 2017 the amount due to LabWare Brasil was £Nil (2016: £Nil).

LabWare Japan

(100% subsidiary of LabWare Holdings Inc.)

During the year, in the course of business, the company purchased services totalling £255,192 (2016: £75,464) from LabWare Japan. At 31 December 2017 the amount due to LabWare Japan was £77,306 (2016: £44,476).

LabWare Arabia

(100% subsidiary of LabWare Holdings Inc.)

During the year, in the course of business, made payments to LabWare Arabia totalling £Nil (2016: £311,854). At 31 December 2017 the amount due from LabWare Arabia was £1,227,187 (2016: £605,069).

LabWare Canada

(100% subsidiary of LabWare Holdings Inc.)

During the year, in the course of business, made payments to LabWare Canada totalling £28,546 (2016: £Nil). At 31 December 2017 the amount due to LabWare Canada was £9,335 (2016: £Nil).

MJH Consultancy Limited

(A company controlled by a close family member of Dr RWA Hillhouse)

During the year, in the normal course of business, the company purchased services totalling £84,823 (2016: £82,623). At 31 December 2017 the amount due to MJH Consultancy Limited was £6,409 (2016: £Nil).

27. Controlling Party

The company is controlled by LabWare Holdings Inc. the company's ultimate parent company, which owns 100% of the issued share capital.

LabWare Holdings Inc. is incorporated in the state of Delaware, United States of America and the registered office is 3 Mill Road, Suite 102, Wilmington, DE 19806-2146. The ultimate controlling party is Mr Vance Kershner, a director of the company.