

Source BioScience Scotland Limited
(formerly The Moffat Partnership Limited)

Directors' Report and Financial Statements

31 December 2016

Registered number SC201430



Contents

	Page
Officers and Professional Advisors	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report to the members of Source BioScience (Scotland) Limited	4
Profit and Loss Account and Other Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8

Officers and Professional Advisors

Director

Jay Charles LeCoque
Iain Macdonald Chisholm
Russell Steven Wheatcroft

Secretary

Michael John Astle

Registered Office

Capella
60 York Street
Glasgow
Scotland
G2 8JX

Bankers

Barclays Bank plc
3 Hardman Street
1st Floor
Spinningfields
Manchester
M3 3HF

Auditor

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Directors' Report

The Directors present their annual report and the audited financial statements for the 14 month period ended 31 December 2016.

The name of the Company was changed on 22 March 2016 from The Moffat Partnership Limited to Source BioScience Scotland Limited.

The period end of the company was changed from 31 October to 31 December to be brought in line with that of the group.

Principal activities

The principal activity of the company is the provision of DNA Ancestry testing.

Results and dividends

The loss for the period after taxation was £149,000 (*year ended 31 October 2015: £24,000*).

The Directors do not recommend the payment of a dividend in the current period (*2015: £nil*).

The company was acquired by Source BioScience plc on 9 December 2015.

Financial risk management objectives and policies

The Company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Directors

The Directors who held office throughout the period and to the date of this report, unless otherwise stated, and subsequent changes are as follows:

JC LeCoque (appointed 24th April 2017)
IM Chisholm (appointed 24th April 2017)
RS Wheatcroft (appointed 24th April 2017)
Dr NW Ash (resigned 12th May 2017)
Dr NI Leaves (resigned 12th May 2017)
TC Metcalfe (resigned 12th May 2017)
JD Agnew (appointed 27th April 2017, resigned 12th May 2017)

Political contributions

The Company made no political donations or incurred any political expenditure during the period (*2015:£nil*).

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm 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 the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor has put itself forward for re-appointment.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

By order of the Board on 4th August 2017

Russell Wheatcroft
Director



Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' Report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Independent Auditor's Report to the members of Source BioScience Scotland Limited

We have audited the financial statements of Source BioScience Scotland Limited for the period ended 31 December 2016 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Anthony Hambleton (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ

Dated: 10th August 2017

Profit and Loss Account and Other Comprehensive Income

For the 14 months ended 31 December 2016

	Note	14 months ended 31 Dec 2016 £'000	Year ended 31 Oct 2015 £'000
Turnover	2	408	500
Cost of sales		<u>(229)</u>	<u>(278)</u>
Gross profit		179	222
Administrative expenses		<u>(328)</u>	<u>(244)</u>
Operating loss		(149)	(22)
Interest payable and similar expenses	3	<u>-</u>	<u>(2)</u>
Loss before tax		(149)	(24)
Tax on loss	7	<u>-</u>	<u>-</u>
Loss for the financial period and total Comprehensive income for the period		<u><u>(149)</u></u>	<u><u>(24)</u></u>

All activities arose from continuing operations.

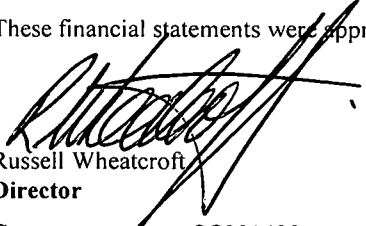
There are no recognised gains or losses in either year other than the profit/loss for that year.

Balance Sheet

As at 31 December 2016

	Note	31 Dec 2016 £'000	31 Oct 2015 £'000
Fixed assets			
Intangible assets	8	52	61
Tangible assets	9	2	5
		<u>54</u>	<u>66</u>
Current assets			
Stocks	10	31	9
Debtors	11	5	3
Cash at bank and in hand		30	15
		<u>66</u>	<u>27</u>
Creditors: amounts falling due within one year	12	<u>(447)</u>	<u>(271)</u>
Net current liabilities		<u>(381)</u>	<u>(244)</u>
Net liabilities		<u>(327)</u>	<u>(178)</u>
Capital and reserves			
Called up share capital	13	1	1
Share premium		50	50
Profit and loss account		(378)	(229)
Equity shareholders' deficit		<u>(327)</u>	<u>(178)</u>

These financial statements were approved by the Directors on 4th August 2017.


 Russell Wheatcroft
 Director

Company number: SC201430

Statement of Changes in Equity

For the 14 month period ended 31 December 2016

	Called up share capital £'000	Capital reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 November 2014	1	50	(205)	(154)
Loss for the year and total comprehensive income for the year	-	-	(24)	(24)
At 31 October 2015	1	50	(229)	(178)
Balance at 1 November 2015	1	50	(229)	(178)
Loss for the year and total comprehensive income for the year	-	-	(149)	(149)
At 31 December 2016	1	50	(378)	(327)

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting policies

Basis of preparation

Source BioScience Scotland Limited (the "Company") is a Company incorporated and domiciled in the UK. The registered number is SC201430 and the registered address is Capella, 60 York Street, Glasgow, Scotland, G2 8JX.

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

These financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

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

In the transition to FRS 101, the Company has applied IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. In performing this transition, there were no adjustments to amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP) and hence no reconciliations of equity and profit or loss have been prepared.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemption relating to Business combinations was taken in these financial statements such that business combinations that took place prior to the transition date have not been restated.

The Company's ultimate parent undertaking, Source BioScience plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Source BioScience plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from The Company Secretary, Source BioScience plc, 1 Orchard Place, Nottingham Business Park, Nottingham, NG8 6PX.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

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

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting policies (*continued*)

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

The financial statements are prepared on the historical cost basis.

The IFRS adopted by the EU applied by the Company in the preparation of these financial statements are those that were effective at 31 December 2016. The Company's financial statements have had no significant impact from new IFRS and amendments to International Accounting Standards ('IAS') which became effective during the year.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2016 or later periods and which the Company has decided not to adopt early. The Company has considered the impact of these new standards and interpretations in future periods on profit and net assets. None of these new standards or interpretations are expected to have a material impact.

Accounting judgements and estimates

The preparation of accounts in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A number of accounting estimates and judgements are incorporated within the impairment provisions for trade receivables. Any trade receivables that are overdue are assessed for impairment and provision made where applicable. Historically low default levels give rise to specific provision only where responses to collection methods have given rise to such a view.

The Company is required to estimate its corporation tax. This requires an estimate of the current tax liability together with an assessment of the temporary differences which arise as a result of different accounting and tax treatments. These temporary differences result in deferred tax assets or liabilities. Deferred tax assets are only recognised to the extent that it is more likely than not that the asset will be realised in the future. This evaluation requires judgements to be made including the forecast of future taxable income.

Going Concern

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons.

The Company enjoys the support of its immediate parent Company, Source BioScience plc, and this has confirmed that this will continue to provide financial support for at least twelve months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements they have no reason to believe that it will not do so.

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting policies (continued)

Acquisitions prior to 1 January 2015 (date of transition to IFRSs)

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The Company elected not to restate business combinations that took place prior to 1 January 2015. In respect of acquisitions prior to this date, goodwill is included at 1 January 2015 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that separable intangibles were not recognised and goodwill was amortised.

Investments in subsidiaries

Investments in subsidiaries are reported at cost less amounts written off for impairment.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Development costs and acquired computer software

Development costs are written off as incurred except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised from the point of sale or use of the product on a straight-line basis over the period during which the Company is expected to benefit, usually four years. Development costs on projects in progress are not amortised. Provision is made for any impairment in the carrying value of such development costs. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring into use the specific software and is amortised over its operational life.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected operational life as follows:

- Plant and machinery: 5 – 15 years
- Fixtures, fittings and computer software: 3 – 10 years
- Motor vehicles: 4 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

The depreciation rates were amended following the acquisition of the Company by Source BioScience plc to bring these in line with group depreciation rates. The rates previously were:

- Plant and machinery: 40% straight line
- Fixtures, fittings and computer software: 40% straight line
- Motor vehicles: 4 years

Impairment of assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. Impairment losses are recognised in the Statement of Comprehensive Income.

Government grants

Government grants of a capital nature are released to the Statement of Comprehensive Income by equal annual instalments over the expected useful economic lives of the relevant assets. Those of a revenue nature are included in the Statement of Comprehensive Income when the performance conditions have been met.

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting policies (*continued*)

Leasing and hire purchase commitments

As lessee

Assets obtained under finance leases and hire purchase contracts that transfer substantially all the risks and rewards of ownership to the Company are capitalised in the Statement of Financial Position and depreciated over the shorter of the lease term and their useful economic lives. The interest element of the rental obligation is charged to the Statement of Comprehensive Income over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding. Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

As lessor

Amounts receivable under operating leases are included in revenue on a straight-line basis.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes transport and handling costs. In the case of manufactured products cost includes all direct expenditure and production overheads based on a normal level of activity. Net realisable value is the price at which inventory can be sold in the normal course of business after allowing for the cost of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow-moving and defective inventory.

Revenue recognition

Revenue is measured at the fair value of consideration received for analytic testing services provided in the normal course of business, net of discounts and VAT. Amounts received or receivable for these are recognised as revenue when services are provided and any obligations are fulfilled.

Employee benefits

Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Interest

Interest receivable is credited and interest payable charged to the Statement of Comprehensive Income using the effective interest method.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Their carrying amount is reviewed at each reporting date on the same basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, on a non-discounted basis, and is charged in the Statement of Comprehensive Income.

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting policies (*continued*)

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All differences are taken to the Statement of Comprehensive Income.

Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

Trade and other receivables

Trade and other receivables are measured at amortised cost less any provision for impairment. Trade and other receivables are discounted when the time value of money is considered material.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method where material.

Equity instruments

Equity instruments issued by the Company are recorded as the value of the proceeds received net of direct issue costs.

Following the adoption of IAS 32 Financial Instruments: Presentation, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Derivative financial instruments and hedging activities

The Company may from time to time holds derivative financial instruments to hedge its exposure to foreign currency exchange rates and interest rates. Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the Statement of Comprehensive Income. The Company does not apply hedge accounting.

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting policies (continued)

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Source BioScience group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2. Turnover

The turnover is attributable to the one principal activity of the Company.

Analysis of revenue by geography:

	14 months ended 31 Dec 2016 £'000	Year ended 31 Oct 2015 £'000
United Kingdom and Republic of Ireland	395	414
Rest of the World	13	86
	<u>408</u>	<u>500</u>

3. Interest payable and similar expenses

	14 months ended 31 Dec 2016 £'000	Year ended 31 Dec 2015 £'000
Bank interest payable	-	2
	<u>-</u>	<u>2</u>

Notes to the Financial Statements

For the year ended 31 December 2016

4. Loss before tax

Loss before tax is after charging

	14 months ended 31 Dec 2016 £'000	Year ended 31 Oct 2015 £'000
Depreciation of tangible fixed assets	3	2
Amortisation of intangible fixed assets	28	24
Operating lease rentals		
- property	-	8
- other	-	7
	3	17

5. Staff costs

	14 months ended 31 Dec 2016 £'000	Year ended 31 Oct 2015 £'000
Employee costs during the period:		
Wages and salaries	28	132
Redundancy costs	31	-
Social security costs	3	8
Pension	1	-
	63	140
Average number of persons employed during the period:		
Management and administration	2	6

6. Directors remuneration

	14 months ended 31 Dec 2016 £'000	Year ended 31 Oct 2015 £'000
Directors emoluments	-	44

The highest paid director was paid £nil (2015: £24,000) in the period.

The amounts in the prior year relate to amounts paid to the previous Directors prior to the acquisition of the business by Source BioScience Plc.

In the current period, the Directors were remunerated for services to the Company by the Parent Company, Source BioScience plc, and full details of that remuneration are shown in the publically available financial statements of that company. It is not considered practicable to allocate Directors remuneration to each company within the group.

Notes to the Financial Statements

For the year ended 31 December 2016

7. Taxation

a) Analysis of charge in the year

	14 months ended 31 Dec 2016 £'000	Year ended 31 Oct 2015 £'000
Current tax		
UK corporation tax	-	-
	<hr/>	<hr/>
	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Total tax charge on loss on ordinary activities	<hr/> <hr/>	<hr/> <hr/>

b) Factors affecting the current tax charge for the year

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

	14 months ended 31 Dec 2016 £'000	Year ended 31 Oct 2015 £'000
Loss for the year	(149)	(24)
Total tax expense	-	-
	<hr/>	<hr/>
Loss excluding tax	(149)	(24)
	<hr/>	<hr/>
Tax using UK corporation tax rate of 20% (2015: 21.8 %)	(30)	(5)
Effects of:		
Expenses not deductible	5	-
Deferred tax asset not recognised	25	5
	<hr/>	<hr/>
Current tax charge for the year	<hr/> <hr/>	<hr/> <hr/>

c) Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

d) Unrecognised deferred tax

No deferred tax asset has been recognised in respect of losses of £403,000 (2015: £254,000) because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

Notes to the Financial Statements

For the year ended 31 December 2016

8. Intangible fixed assets

	Research and development £'000	Website and database £'000	Total £'000
Cost			
At 1 November 2015	52	68	120
Additions	-	19	19
	<hr/>	<hr/>	<hr/>
At 31 October 2016	52	87	139
	<hr/>	<hr/>	<hr/>
Accumulated Amortisation			
At 1 November 2015	25	34	59
Charge for the period	12	16	28
	<hr/>	<hr/>	<hr/>
At 31 October 2016	37	50	87
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 October 2016	15	37	52
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 October 2015	27	34	61
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9. Tangible fixed assets

	Fixtures and fittings £'000
Cost	
At 1 November 2015 and 31 December 2016	13
	<hr/>
Accumulated Depreciation	
At 1 November 2015	8
Charge for the period	3
	<hr/>
At 31 December 2016	11
	<hr/>
Net book value	
At 31 December 2016	2
	<hr/> <hr/>
At 31 October 2015	5
	<hr/> <hr/>

10. Stocks

	31 Dec 2016 £'000	31 Oct 2015 £'000
Raw materials and consumables	31	9
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements
 For the year ended 31 December 2016

11. Debtors

	31 Dec 2016 £'000	31 Oct 2015 £'000
Trade debtors	-	2
Other debtors	1	1
Prepayments and accrued income	4	-
	5	3
	5	3

12. Creditors: amounts falling due within one year

	31 Dec 2016 £'000	31 Oct 2015 £'000
Bank overdraft	-	38
Trade creditors	14	105
Amounts owed to group undertakings	348	-
Directors loan accounts	-	27
Other taxation and social security	1	9
Other creditors	-	10
Accruals and deferred income	84	82
	447	271
	447	271

13. Employee benefits

Defined contribution plans

The Company operates a defined contribution pension plan. The total expense relating to these plans in the current year was £1,000 (2015: £nil).

14. Called up share capital

	31 Dec 2016 £'000	31 Oct 2015 £'000
Called up, allotted and fully paid		
1,100 ordinary shares of £1 each	1	1
	1	1
	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

No dividend (2015: £nil) were paid during the period or were proposed to the date of these accounts.

Notes to the Financial Statements

For the year ended 31 December 2016

15. Operating lease commitments- minimum lease payments

Commitments under non-cancellable operating leases are as follows:

	Property 2016 £'000	Property 2015 £'000	Other 2016 £'000	Other 2015 £'000
Expiry date				
- within one year	-	8	1	1
- between two and five years	-	-	5	5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16. Contingent liabilities

At 31 December 2016, under the terms of the Source BioScience plc group banking facility with Barclays, the Company was a party to a bank guarantee with other Group companies. At 31 December 2016 the maximum contingent liability under Group banking arrangements was £nil (2015: £nil). The Group has a right of set off on all overdraft and bank borrowings as part of this agreement.

17. Related party transactions

There were director's loans owed to AM Moffat of £Nil (2015: £6,976) and FR Hamilton of £Nil (2015: £19,755).

The Company is a wholly owned subsidiary of Source BioScience plc and has taken advantage of the exemption in FRS101 not to make disclosure of transactions with other wholly owned subsidiaries.

18. Ultimate controlling party

During the year, the Group of which the company forms a part, headed by Source BioScience Plc, was acquired by Sherwood Holdings Limited, a company incorporated in England and Wales. The Directors consider that there is no ultimate controlling party.

Prior to this point, the Parent company was Source BioScience plc, a company incorporated in England and Wales which remains the largest and smallest group for which consolidated financial statements are prepared. Copies of the Annual Report and Accounts are available from The Company Secretary, Source BioScience plc, 1 Orchard Place, Nottingham Business Park, Nottingham, NG8 6PX.