Registered Number: 04008521

Seal Analytical Limited
Annual report and financial statements
for the year ended 30 November 2017





Seal Analytical Limited

Annual report and financial statements for the year ended 30 November 2017

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Seal Analytical Limited

Directors and advisers for the year ended 30 November 2017

Directors
B D W Stocks
C P Tyler
I Stirling
S Smith

Company Secretary
S Rodgers

Registered office
7 Regis Place
Bergen Way
King's Lynn
Norfolk
PE30 2JN

Independent auditor
Deloitte LLP
1 Station Square
Cambridge
CB1 2GA

Bankers
Barclays Bank plc
PO Box 885
Mortlock House
Station Road
Histon
Cambridge
CB24 9DE

Seal Analytical Limited

Directors' report for the year ended 30 November 2017

The Directors present their report and the audited financial statements of the Company for the year ended 30 November 2017.

Principal activities
Throughout the year the principal activity of the Company was the sale and servicing of water analysis equipment and related consumables.

The Company is a private company limited by shares and is incorporated and domiciled in England, part of the UK. The address of its registered office is 7 Regis Place, Bergen Way, King's Lynn, PE30 2JN.

Review of business and future developments
The level of sales of the Company during the year increased compared to the prior year as a result of increased sales focus. The financial position at 30 November 2017 is considered to be in line with forecast. Post year end, on 7 December 2017, the Company purchased 100% of the share capital of Rohasys B.V. in order to increase its offering in the laboratory market. The trade is the manufacture of robotic sample handling systems and is based in the Netherlands. Opportunities for developing the global position of Seal laboratory equipment continue to be explored.

Further discussion of the business review and future developments, in the context of the Porvair group as a whole, including the Company, is provided in the Chairman's statement, Chief Executive's report and the Finance Director's review in the Porvair plc annual report and financial statements, which does not form part of this report.

Research and development
The Company continues a programme of development of its existing systems and new systems to support future growth opportunities. The development is largely completed in-house rather than through third parties.

Key performance indicators
The Company considers its key performance indicators to be: revenue growth and operating margin, revenue from new products, profit before tax growth and return on capital employed. Further discussion of these key performance indicators, in the context of the group as a whole, including the Company, is provided in the Chairman's statement, Chief Executive's report and the Finance Director's review in the Porvair plc annual report and financial statements, which does not form part of this report.

Principal risks and uncertainties
The management of the business and the execution of the Company's strategy are subject to a number of risks. Further discussion of these risks and uncertainties, in the context of the group as a whole, including the Company, is provided on pages 26 to 31 of the Porvair plc annual report and financial statements, which does not form part of this report.

Charitable and political contributions
There were no charitable or political donations in the year (2016: £nil).

Financial risk management
The Company's operations expose it to a variety of financial risks that include the effects of liquidity risk, foreign exchange risk and credit risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the Company's finance department.

Directors' report for the year ended 30 November 2017 (continued)

Financial risk management (continued)

Liquidity risk

The ultimate parent company ensures the Company has sufficient available funds for operations and planned growth.

Foreign exchange risk

The Company sells its products in both US dollars and Euros and is exposed to exchange rate movements. The exposure to exchange rate movements is partially mitigated by purchases in those currencies and inter-company loan balances, in addition to which the Company selectively enters into forward currency contracts in relation to its principal foreign currency denominated revenues to reduce the impact of exchange rate movements.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

Results and dividends

The Company's results for the year are shown on page 6. The Company made a profit after tax for the financial year of £961,000 (2016: £435,000). The Directors have not paid a dividend in the year (2016: £414,000). The Directors do not recommend any further payment of dividend.

Directors

The Directors who were in office during the year and up to the date of signing the financial statements were as follows:

B D W Stocks
C P Tyler
I Stirling
S Smith

Strategic report

A Strategic report has not been reported separately, as the Company has adopted the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Employment policies

The Company's employment policies encourage the provision of employment opportunities for disabled people, racial minorities and other disadvantaged groups. The Company endeavours to keep its employees well informed about the progress of their company.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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:

Directors' report for the year ended 30 November 2017 (continued)

Statement of Directors' responsibilities (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

Going concern

As at 30 November 2017 the Company had £1,830,000 (2016: £889,000) in cash and cash equivalents. The Company is currently forecasting to be profitable and cash positive for the 12 months from the date of this report and the foreseeable future, being a period of no less than 12 months from the date of signing of the financial statements.

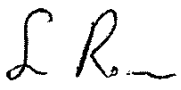
The Directors have reviewed the cash flow forecast for the period ending 30 November 2021. The forecast represent the Directors' best estimate of the Company's future performance and necessarily includes a number of assumptions, including the level of revenues, which are subject to inherent uncertainties. However, the forecast demonstrates that the directors have a reasonable expectation that the Company will be able to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of these financial statements.

Therefore, after due consideration of the risks and uncertainties associated with the business of the Company and, having made appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources and has the ability to continue trading on normal terms of the business for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Directors' responsibility for provision of information to the Auditor

In accordance with Section 418 of the Companies Act 2006, each Director in office at the date the Directors' report is approved, has confirmed that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board,



S J Rodgers
Company secretary
31 August 2018

Seal Analytical Limited

Independent auditor's report to the members of Seal Analytical Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Seal Analytical Limited (the 'company') which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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

Independent auditor's report to the members of Seal Analytical Limited (continued)

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

We have nothing to report in respect of these matters.

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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 any material misstatements in the directors' report.

Independent auditor's report to the members of Seal Analytical Limited (continued)

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Paul Adkins (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, UK
31 August 2018

Seal Analytical Limited

Income statement for the year ended 30 November 2017

	Note	2017 £'000	2016 £'000
Revenue	1	**576**	367
Cost of sales		**(378)**	(257)
Gross profit		**198**	110
Distribution costs		**(6)**	(8)
Administrative expenses		**(253)**	(158)
Operating loss	2	**(61)**	(56)
Income from subsidiaries		**1,010**	488
Profit before income tax		**949**	432
Income tax credit	5	**12**	3
Profit for the financial year		**961**	435

The results relate to continuing activities.

The Company has no comprehensive income or expenses other than the profit for the financial year and therefore no separate statement of comprehensive income has been presented.

Seal Analytical Limited

Balance sheet as at 30 November 2017

Registered Number: 04008521

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	7	**284**	284
Property, plant and equipment	8	**8**	13
Investments	9	**17**	17
		309	314
Current assets			
Inventories	10	**31**	40
Trade and other receivables	11	**94**	94
Cash and cash equivalents		**1,830**	889
		1,955	1,023
Creditors: amounts falling due within one year	12	**(157)**	(191)
Net current assets		**1,798**	832
Total assets less current liabilities		**2,107**	1,146
Net assets		**2,107**	1,146
Capital and reserves			
Called up share capital	14	**230**	230
Share premium account		**575**	575
Retained earnings		**1,302**	341
Total equity		**2,107**	1,146

The financial statements on pages 8 to 23 were approved by the Board of Directors on 31 August 2018 and were signed on its behalf by:

C P Tyler
Director

Seal Analytical Limited

Statement of changes in equity for the year ended 30 November 2017

	Called up share capital	Share premium account	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
Balance as at 1 December 2015	**230**	**575**	**320**	**1,125**
Profit for the financial year	-	-	435	435
Total comprehensive income	**-**	**-**	**435**	**435**
Transactions with owners:				
Dividends (note 6)	-	-	(414)	(414)
Total transactions with owners recognised directly in equity	**-**	**-**	**(414)**	**(414)**
Balance as at 30 November 2016	**230**	**575**	**341**	**1,146**
Profit for the financial year	-	-	961	961
Total comprehensive income	**-**	**-**	**961**	**961**
Total transactions with owners recognised directly in equity	**-**	**-**	**-**	**-**
Balance as at 30 November 2017	**230**	**575**	**1,302**	**2,107**

Seal Analytical Limited

Accounting policies for the year ended 30 November 2017

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis and under the historical cost convention, in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based payment (details of the number and weighted-average exercise prices of share options and how the fair value of goods or services received was determined);
- paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n) (ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 7 Financial Instruments: Disclosures;
- paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets (reconciliations between the carrying amount at the beginning and end of the period);
- paragraphs 10(d) (statement of cash flows), 10(f) (statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements), 16 (statement of compliance with all IFRSs), 38A (requirement for minimum of two primary statements, including cash flow statements), 38B-D (additional comparative information), 40A-D (requirements for a third statement of financial position), 111 (cash flow statement information) and 134 to 136 (capital management disclosures) of IAS 1 Presentation of Financial Statements;
- IAS 7 Statement of Cash Flows;
- paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- paragraph 17 of IAS 24 Related Party Disclosures (key management compensation);
- IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135 (e) of IAS 36 Impairment of Assets (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts).

Accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The Directors consider that there are no critical areas of judgement or complexity, or areas where assumptions and estimates are significant in the financial statements. No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 December 2016 have had a material impact on the Company.

Accounting policies for the year ended 30 November 2017 (continued)

The principal accounting policies applied in the preparation of these financial statements are set out below:

Going concern
The Company meets its day-to-day working capital requirements through its cash reserves. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Revenue
Revenue is the total amount receivable from external customers for goods and services supplied in the ordinary course of business and excludes value added tax. Revenue is recognised at the point the risks and rewards are transferred, typically once goods are despatched to the customer. Revenue in relation to service contracts is recognised on a straight line basis over the period of the contract.

Property, plant and equipment
Property, plant and equipment is stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated so as to write down the cost, less estimated residual value, of tangible fixed assets by equal annual instalments over their expected useful lives, as follows:

Plant, machinery and equipment	25-33% straight line

Goodwill
Purchased goodwill represents the excess of the fair value of total purchase consideration over the fair value of the net assets acquired. This is capitalised as an intangible fixed asset as cost less accumulated impairment losses and reviewed annually for impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

The Company is the only cash generating unit ("CGU") due to the fact that it constitutes the smallest identifiable group of assets that generate cash flows for the entity, by means of supplying water analysis goods and services to customers.

The recoverable amount of the goodwill is based on value-in-use calculations. The calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period and cash flows beyond the three-year period are extrapolated using a 2% growth rate. The cash flow projections are discounted at the Porvair plc pre-tax rate at 30 November 2017 of 9.1%.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year.

Based on the results of the current year impairment review, no impairment charges have been recognised by the Group in the year ended 30 November 2017. Having assessed the anticipated future cash flows, the Directors do not currently foresee any reasonable changes in assumptions that would have led to such an impairment charge in the year ended 30 November 2017.

Accounting policies for the year ended 30 November 2017 (continued)

Other intangible assets
Software, process technology, know-how and design rights are measured initially at cost and then amortised over their estimated useful lives, which are deemed to be between 3 and 10 years, on a straight line basis.

All research and development expenditure is written off to the income statement as incurred.

All expenditure on the registration, renewal and maintenance of patents and trademarks is written off to the income statement as incurred.

Investments
Fixed asset investments are stated at cost less provision for diminution in value.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost of finished goods and work in progress includes all expenditure incurred in the normal course of business in bringing the stock to its present location and condition and overheads appropriate to the stage of manufacture. Cost is derived based on the weighted average cost of purchased materials. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

Leases
Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Pension contributions
The Company operates a defined contribution scheme for its employees. The pension costs charged in the financial statements represent the contributions payable by the Company during the year.

Foreign currency translation
Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. All differences are taken to the income statement.

Taxation
Current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that are relevant to the period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Accounting policies for the year ended 30 November 2017 (continued)

Taxation (continued)

Deferred tax is calculated at the tax rates which have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is recognised in the income statement, except when it relates to items recognised directly to other comprehensive income or directly to equity. In this case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

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 Porvair plc, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company.

Seal Analytical Limited

Notes to the financial statements for the year ended 30 November 2017

1 Revenue

Trading revenue is attributable to the principal activity of the Company, and is wholly generated from the United Kingdom. An analysis of trading revenue by geographical destination is given below:

	2017	2016
	£'000	£'000
United Kingdom	541	338
Rest of Europe	16	13
Americas	19	16
	576	367

In addition to trading revenue, the Company received £1,010,000 (2016: £488,000) dividends in the year from its subsidiary undertaking in Germany.

2 Operating loss

	2017	2016
	£'000	£'000
Operating loss is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
Owned assets	8	8
Inventory recognised as an expense	193	108
Operating lease rentals:		
Plant and machinery	5	7
Other	15	15
Research and development costs	72	71
Loss/(gain) on foreign exchange transactions	7	(54)
Services provided by the Company's auditor		
The Company obtained the following services from the Company's auditor at costs detailed below:		
The audit of the Company financial statements pursuant to legislation	6	6

Notes to the financial statements for the year ended 30 November 2017 (continued)

3 Employee information

The average monthly number of staff employed by the Company, including Directors, during the year by activity was as follows:

	2017 Number	2016 Number
Sales and service	5	4
Administration	2	2
	7	6

The cost of employing those staff comprised the following:

	2017 £'000	2016 £'000
Wages and salaries	277	220
Social security costs	35	27
Other pension costs (see note 15)	27	22
	339	269

4 Directors' remuneration

None of the Directors received remuneration for their services to the Company (2016: none).

Notes to the financial statements for the year ended 30 November 2017 (continued)

5 Income tax

	2017 £'000	2016 £'000
Current tax		
UK Corporation tax credit	(16)	(15)
Adjustments in respect of previous periods	10	-
Total current tax	(6)	(15)
Deferred tax		
Origination and reversal of timing differences	4	12
Adjustments in respect of previous periods	(7)	-
Total deferred tax (credit)/charge	(3)	12
Income tax credit	(9)	(3)

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK at 19.33% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Profit before income tax:	949	432
Tax at the standard UK Corporation tax rate of 19.33% (2016: 20%)	183	86
Effects of:		
Non-taxable dividend receivable	(195)	(98)
Accelerated capital allowances	(4)	(3)
Origination and reversal of timing difference of deferred tax	4	12
Adjustments in respect of previous periods	3	-
Total tax credit for the year	(9)	(3)

The standard rate of Corporation tax in the UK changed to 19% with effect from 1 April 2017. Accordingly, the theoretical effective tax rate applied to the Company's profits for this accounting year is 19.33%.

Changes to the UK corporation tax rates were introduced by Finance (No.2) Act 2015, being the reduction of the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. The latter was superseded by Finance Act 2016, which was substantively enacted in September 2016 and reduced the rate to apply from 1 April 2020 to 17%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 30 November 2017 (continued)

6 Dividends

During the year, no dividends were declared or paid (2016: £1.80 per ordinary share, totalling £414,000).

7 Intangible assets

	Goodwill	Software	Process Technology, Know-how and Design Rights	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 December 2016	406	383	33	822
At 30 November 2017	**406**	**383**	**33**	**822**
Accumulated amortisation				
At 1 December 2016	122	383	33	538
At 30 November 2017	**122**	**383**	**33**	**538**
Net book value				
At 30 November 2017	***284***	-	-	**284**
At 30 November 2016	284	-	-	284

Goodwill represents the excess cost of acquisition of a product range over its acquired book value.

Notes to the financial statements for the year ended 30 November 2017 (continued)

8 Property, plant and equipment

	Plant, machinery and equipment
	£'000
Cost	
At 1 December 2016	74
Additions	3
At 30 November 2017	77
Accumulated depreciation	
At 1 December 2016	61
Charge for the year	8
At 30 November 2017	69
Net book value	
At 30 November 2017	8
At 30 November 2016	13

9 Investments

	Shares in group undertakings
	£'000
Cost at 30 November 2016 and 2017	17

The Directors have considered the carrying value of investments and have concluded that it is supported by their underlying nets assets.

The Company has the following subsidiary undertakings:

Subsidiary undertakings	Principal activity	Country of incorporation	% ordinary shares held and voting rights
Seal Analytical GmbH	Manufacture and sale of water analysis equipment and related consumables	Germany	100%
Pulse Instrumentation GmbH	Sale of water analysis consumables	Germany	100%*

* shares owned by Seal Analytical GmbH

Both companies listed in the table above are registered at Werkstrasse 5, 22844 Norderstedt, Germany.

Notes to the financial statements for the year ended 30 November 2017 (continued)

10 Inventories

	2017	2016
	£'000	£'000
Finished goods	**31**	40

11 Trade and other receivables

	2017	2016
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	**50**	58
Other debtors	**10**	14
Deferred tax asset (note 13)	**18**	15
Corporation tax	**16**	7
	94	94

12 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade payables	**22**	23
Other taxation and social security	**11**	7
Accruals and deferred income	**124**	161
	157	191

Notes to the financial statements for the year ended 30 November 2017 (continued)

13 Deferred taxation

Deferred tax (assets)/liabilities	2017 £'000	2016 £'000
Balance at 1 December	(15)	(27)
(Credit)/charge to the income statement	(3)	12
Balance at 30 November	(18)	(15)
The deferred tax asset recognised in the financial statements comprises:		
Accelerated capital allowances	(17)	(13)
Short term timing differences	(1)	(2)
	(18)	(15)

There are no unprovided deferred tax assets or liabilities as at 30 November 2017 and 30 November 2016.

14 Share capital

	2017 £'000	2016 £'000
Authorised:		
600,000 (2016: 600,000) Ordinary shares of £1 each	600	600
	600	600
Allotted and fully paid		
230,115 (2016: 230,115) Ordinary shares of £1 each	230	230
	230	230

15 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund. Contributions payable by the Company to the scheme amounted to £27,000 (2016: £22,000). Amounts outstanding at 30 November 2017 were £2,000 (2016: £1,000).

Notes to the financial statements for the year ended 30 November 2017 (continued)

16 Operating lease commitments

At 30 November 2017 the Company had future aggregate minimum lease payments under non-cancellable operating leases expiring as follows:

	2017		2016	
	Land and Buildings	**Other**	Land and Buildings	Other
	£'000	**£'000**	£'000	£'000
No later than one year	**15**	**4**	15	5
Later than one year and no later than five years	**4**	**-**	19	4
	19	**4**	34	9

17 Contingent liabilities

The Company has an unlimited cross-guarantee arrangement in respect of the bank borrowings of Porvair plc, Porvair Filtration Group Limited, Porvair Sciences Limited and Porvair Filtration Limited. At 30 November 2017, these net borrowings amounted to £2,711,000 (2016: £nil).

18 Parent undertaking

The Company's ultimate parent undertaking and controlling party is Porvair plc, a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Porvair plc financial statements are available to the public and may be obtained from the Company Secretary at 7 Regis Place, Bergen Way, King's Lynn, Norfolk, PE30 2JN.

19 Related party transactions

The Company has taken advantage of the exemption in FRS101 not to disclose transactions with wholly owned subsidiaries of the Porvair plc group.

20 Post balance sheet event

On 7 December 2017 the Company purchased 100% of the share capital of Rohasys B.V. in order to increase its offering in the laboratory market. The trade is the manufacture of robotic sample handling systems and is based in the Netherlands. The total maximum purchase consideration is €3,046,000 (£2,677,000); €896,000 (£787,000) was paid in cash on the acquisition date, together with €502,000 (£442,000) to settle an outstanding loan. The balance is contingent on financial performance and due for payment in cash over 4 years.

20 Post balance sheet event (continued)

The contingent consideration is dependent on Rohasys meeting sales and profit targets and will be settled in cash. Management has forecast that payment of 91% of the maximum contingent consideration, €1,960,000 (£1,722,000), is the most probable outcome, of which €250,000 (£225,000) was already earned and paid after the year end.

A summary of the provisional purchase consideration is given below:

	£'000
Cash paid at acquisition	787
Provisional contingent consideration	1,722
	2,509

A provisional full fair value exercise of deferred consideration, and identifiable assets and liabilities acquired has been performed, based on the work of an external valuer; this exercise will be concluded within the measurement period, which ends on 6 December 2018.

The provisional recognised amounts of identifiable assets acquired and liabilities assumed are shown below:

	Fair value £'000
Property, plant and equipment	22
Trade name	72
Knowhow	318
Customer list	530
Inventory	394
Trade receivables	369
Trade payables	(425)
Other working capital (net)	20
Loan	(442)
Net assets acquired	**858**