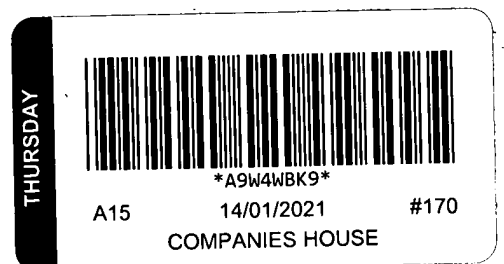


Quotient Sciences Limited

**Annual report and financial
statements**

Registered number 05221615

31 March 2020



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Company information

Directors	G Cameron M Egerton
Secretary	G Cameron
Auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Bankers	HSBC Bank plc 8 Canada Square London E14 5HQ
Solicitors	Latham & Watkins 99 Bishopsgate London EC2M 3XF
Registered Office	Trent House Mere Way Ruddington Nottingham NG11 6JS
Company registered number	05221615

Strategic report

Business review

Set out below is summary financial information for the Company for the year ended 31 March 2020, together with comparable financial information for the previous year. The financial statements have been prepared under FRS102:

	Year ended 31 March 2020	Year ended 31 March 2019
Gross turnover	£64.2m	£56.6m
Less: pass-through turnover	£10.8m	£9.6m
Net revenue (Turnover excluding pass-through revenue)	£53.4m	£47.0m
Trading EBITDA*	£17.7m	£18.2m
Trading EBITDA margin %	33.1%	38.7%

* Earnings before interest, tax, depreciation, amortisation, adjusted items, intercompany management charges and foreign exchange movements on inter-company loans, as calculated per the table below.

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Operating profit	2,605	14,659
Add back: adjusted items (see note 4)	9,117	54
Depreciation	1,888	1,220
Amortisation – Intangible Assets	351	297
Amortisation - Goodwill	1,728	1,329
Inter-company management charge	1,684	780
Foreign exchange effect of revaluation of inter-company loans	340	(181)
Trading EBITDA	17,713	18,158

With effect from 1st April, 2019 the Company acquired the business and assets of its subsidiary, Quotient Sciences (Reading) Limited ("QSL Reading"), for its net asset value of £2,145,000. The results for the year ended 31 March, 2020 include the QSL Reading business.

Net revenue increased by 13.6%, whilst year-on-year trading EBITDA decreased by 2.7%. The increase in revenue was due to increased demand for the Company's differentiated services, in particular for its Translational Pharmaceuticals™ service offering and the inclusion of revenues from QSL Reading of £6,175,000. In addition, the value of new business won and cross selling of services grew year-on-year, maintaining a strong backlog of contracted work.

Translational Pharmaceuticals offers a unique approach to early drug development, via the integration of pharmaceutical formulation development, GMP manufacture and GCP clinical testing capabilities. This combination offers many advantages over conventional approaches to drug development, including a reduction in timelines, cost and use of drug substance.

The growth in demand for the Company's services also resulted in continued investment in key infrastructure to support that growth. The average number of employees increased from 413 to 518 and the Company continues to make further investments in its facilities to meet the increasing demand from its customers.

The growth in employees and infrastructure, including the addition of the QSL Reading business and assets, added additional cost during the year. Much of the increased cost was to support the wider Group. Trading EBITDA margins reduced from 38.7% to 33.1%.

Strategic report (continued)

The Company monitors several other key performance indicators across all of its businesses relating to, inter alia, quality, responsiveness and client satisfaction. These indicators are not, however, meaningfully quantifiable.

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £1,662 (2019: £406).

As permitted by the Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the Financial Year directors' and officers' liability insurance in respect of itself and its Directors.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy is subject to a number of risks. Interest rate, currency and liquidity risks are managed at a group level rather than at a company level.

The key business risks and uncertainties affecting the Company include competitor actions, market acceptance of new products and regulatory developments.

COVID-19 impacted the business from March 2020 with a high level of uncertainty and risk. The risk remains for both the Company and the global economy, until such time as a vaccine is successfully rolled out. We have taken measures internally to reduce operational risk by implementing a mandatory testing program, and introducing flexible work patterns and social distancing measures across the business wherever possible. After an initial period of uncertainty at a global level that adversely impacted our operations and revenues for several months, volumes have returned to pre-COVID levels, and have continued to grow as we learn to work within the constraints of the pandemic.

Further discussion of these risks in the context of the Group as a whole, together with impact of COVID-19 and a description of the Group's financial risk management objectives and policies, is in the Directors' Report of Quad UK Topco Limited, which does not form a part of this report.

Environment, Social and Governance

The directors do not consider that the company's activities have a significant environmental impact. Notwithstanding this, the company strives to continuously improve its performance in the environmental, social and governance (ESG) areas. This is of fundamental importance to the company, as the Directors believe that a safe and sustainable environment is essential to continued business sustainability and profitability.

The Directors consider that the most important ESG issues facing the business are:

1. Environmental and Social Impact: Quotient Sciences believes there is some opportunity to reduce energy consumption across the sites and is currently monitoring this;
2. Health & Safety: Quotient Sciences believes that none of the people that it works or interacts with (e.g. employees, contractors, clients, visitors or volunteers) should suffer any harm as a result of its work;
3. Staff development: an extensive internal training and development programme is in place, which provides opportunities for all employees to learn new skills and progress their careers;
4. Regulatory compliance: operating in a highly regulated industry continually presents Quotient Sciences with a unique set of challenges to ensure smooth business operations.

A number of initiatives, policies and processes are in place to ensure that these ESG issues are managed effectively, and opportunities to improve performance are identified and prioritised.

Strategic report *(continued)*

Section 172(1) statement

Context

The Companies Miscellaneous Reporting Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders, which will have an impact on the long-term success of the company.

This S172 statement, which is reported for the first time, explains how Quotient's Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of that on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to Quotient, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

Quotient's Board of Directors has a clear framework for determining the matters within its remit, including certain financial and strategic thresholds for matters that require Board consideration and approval. And the matters that are delegated to the Executive Management team, and to its Board Committees, including the Audit Committee and the Remuneration Committee.

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole. In doing so, they have regard (among other matters) to the following key items:

S172(1) (A) "The likely consequences of any decision in the long term"

The Directors understand the business and the evolving environment in which we operate, including the challenges of navigating through the changing regulatory landscape concerning pharmaceutical R&D and manufacturing. The strategy set by the Board is intended to strengthen our current position as a leading drug development services business, but also ensure that we remain differentiated in our service offering, such that we are able to achieve long-term sustainable growth e.g. our Translational Pharmaceuticals platform offers a unique approach to drug development, and we continue to broaden its adoption by the industry.

In 2019, to help achieve the company's strategic ambitions, the Board approved a Value Creation Plan (VCP) to further focus on developing Quotient's long-term value creation projects. This is designed to ensure alignment across the Board and wider business on the priorities for long-term growth and decision-making. It covers a wide range of organisational, commercial and operational matters.

S172(1) (B) "The interests of the company's employees"

The Directors recognise that Quotient employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees, ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment. The Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible. We also invest in, and place great emphasis on, training and development of our employees. We communicate in an open, honest manner with employees via Town Hall meetings, newsletters and site meetings and encourage open feedback from employees at all times.

Strategic report *(continued)*

We are also supporting a new Diversity and Inclusion initiative designed to ensure that our culture is accepting and accommodating of people's differences.

Quotient has established Employee Forums at each site, which consist of management and employee representatives, who help identify and lead implementation of opportunities to enhance our ESG programs and relationships with employees.

S172(1) (C) "The need to foster the company's business relationships"

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and other stakeholders – these include regulators, participants in our clinical trials and the local community. Quotient carefully considers the nature of the relationship, our ability to meet our obligations and the standards of behaviour that should be applied.

Quotient has a very strong customer focus, but also understands that the best service we can offer our customers is to deliver the best value. We strive to be agile and responsive to our customer needs. We work hard to deliver a "One Customer; One Business Experience", to ensure that a customer receives the highest level of service, no matter which site, department or employee they are dealing with. We proactively seek feedback from every customer to enable us to establish levels of customer satisfaction, as well as areas for further improvement.

Quotient operates an Approved Suppliers list which imposes controls on who we engage to supply the business. This outlines criteria which is ultimately aimed at facilitating relationships, commercial terms and compliance where relevant. We aim to partner with suppliers that meet the group's product specifications, provide consistent and reliable supply, and comply with its social and environmental standards. We also collaborate with suppliers on developing innovative products and on ensuring the supply chain is as efficient as possible.

We work closely and openly with our regulators to ensure that we meet our regulatory and statutory requirements and work transparently with them to provide evidence of our compliance'.

S172(1) (D) "The impact of the company's operations on the community and the environment"

Environmental, social and corporate governance (ESG) is extremely important to Quotient and is a mandatory requirement of our majority shareholder. Quotient has an ESG agenda, which includes environmental, societal and workforce engagement performance indicators.

The Board is updated regularly by the ESG Group on progress towards achieving the high ESG standards we set ourselves. The ESG Group meets regularly to promote activities related to charitable fundraising, health and safety, anti-bribery and corruption, energy and greenhouse gas emissions and employer brand awareness.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

Quotient aims to meet its objectives in ways which are economically, environmentally and socially responsible. Quotient has adopted policies and training on areas such as the Ethical Reporting, Conflicts of Interest and Anti-Bribery and Corruption, as well as complying with Modern Slavery reporting requirements, to ensure that its high standards are maintained both within Quotient businesses and the business relationships we maintain. This helps assure its decisions are taken and that Quotient companies act in ways that promote high standards of business conduct.

Strategic report *(continued)*

S172(1) (F) “The need to act fairly as between members of the company”

The Board recognises that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate. And that a strong culture, embedded across the whole business, is a key to building a strong organisation.

The Board has established several behavioural competencies to which all of our employees should adhere and aspire. These are monitored as part of each employee's personal performance reviews

The Board considers regular Engagement Surveys to be one of its principal tools to measure employee engagement, motivation, affiliation and commitment to Quotient. It provides insights into employee views and has a consistently high response rate. The Board also utilises this engagement to understand how survey outcomes are being leveraged to strengthen Quotient culture and values.

On Behalf of the Board



G Cameron
Director

December 22nd, 2020

Directors' report

The directors present their report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the Company is the provision of research and development services to pharmaceutical and biotechnology customers. With effect from 1st April, 2019 the Company acquired the business and assets of its subsidiary, Quotient Sciences (Reading) Limited, for its net asset value of £2,145,000. The results for the year include that of the business of Quotient Sciences (Reading) Limited.

Results and dividends

The operating profit for the year amounted to £2,605,000 (2019: £14,659,000). The retained profit, before dividends, for the year amounted to £991,000 (2019: £11,754,000).

As part of a wider group reorganisation exercise, following the change of ownership of the Group's holding company during the year, the directors declared a dividend of £20,575,000 (2019: £Nil) on October 1, 2019 to its then immediate parent company, Watch Bidco Limited. The directors do not propose to declare any further dividends this year.

Going concern

The Directors have prepared the financial statements on the going concern basis, as they do not intend to liquidate the Company or to cease its operations. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least 12 months from the date of approval of the financial statements. To support this, the Directors have prepared cash flow forecasts over that period which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

Directors

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

G Cameron
M Egerton

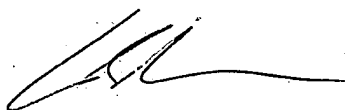
Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are 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 group's auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board:



G Cameron
Director

December 22nd, 2020

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

The directors are responsible for preparing the Strategic Report, the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Quotient Sciences Limited

Opinion

We have audited the financial statements of Quotient Sciences Limited ("the company") for the year ended 31 March 2020 which comprise the Profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



Independent auditor's report to the members of Quotient Sciences Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

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: 22 December 2020

Profit and loss account
for year ended 31 March 2020

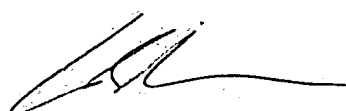
	Note	2020 £000	2019 £000
Turnover	3	64,218	56,622
Cost of sales		(32,480)	(28,157)
Gross profit		31,738	28,465
Distribution costs		(3,456)	(3,396)
Administrative expenses		(16,560)	(10,790)
Adjusted items	4	(9,117)	(54)
Other operating income	5	-	434
Operating profit		2,605	14,659
Other interest receivable and similar expenses	8	1,843	607
Interest payable and similar expenses	9	(902)	(297)
Profit before taxation		3,546	14,969
Tax on profit	10	(2,555)	(3,215)
Profit for the financial year		991	11,754

The accompanying Notes form an integral part of the Financial Statements.

Balance sheet
at 31 March 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Intangible assets	11	21,821		20,331	
Tangible assets	12	9,310		7,011	
Investments	13	2,145		19,055	
			33,276		46,397
Current assets					
Stocks	14	100		272	
Debtors	15	41,385		28,347	
Cash at bank and in hand	16	18,122		8,765	
		59,607		37,384	
Creditors: amounts falling due within one year	17	(40,621)		(26,774)	
Net current assets			18,986		10,610
Total assets			52,262		57,007
Creditors: amounts falling due after more than one year	18		(14,543)		-
Provisions for liabilities					
Deferred tax liability	21		(1,045)		(949)
Net assets			36,674		56,058
Capital and reserves					
Called up share capital	23		6,533		6,533
Share premium account	23		14,428		14,428
Own share reserve	23		(69)		(69)
Profit and loss account			15,582		35,166
Other reserves	2		200		-
Shareholders' funds			36,674		56,058

These financial statements were approved by the board of directors on December 22nd, 2020 and were signed on its behalf by:


G Cameron
Director

Company registered number: 5221615

The accompanying Notes form an integral part of the Financial Statements.

Statement of changes in equity

	Called up share capital £000	Share premium account £000	Own share reserve £000	Profit and loss account £000	Other Reserves £000	Total Equity £000
Balance at 1 April 2018	6,533	14,428	(69)	23,412	-	44,304
Total comprehensive income for the period						
Profit	-	-	-	11,754	-	11,754
Balance at 31 March 2019	6,533	14,428	(69)	35,166	-	56,058
	Called up share capital £000	Share premium account £000	Own share reserve £000	Profit and loss account £000	Other Reserves £000	Total Equity £000
Balance at 1 April 2019	6,533	14,428	(69)	35,166	-	56,058
Total comprehensive income for the period						
Profit	-	-	-	991	-	991
Total comprehensive income for the period	-	-	-	991	-	991
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	(20,575)	-	(20,575)
QSL (Reading) Hive-up (note 2)	-	-	-	-	200	200
Total contributions by and distributions to owners	-	-	-	(20,575)	200	(20,375)
Balance at 31 March 2020	6,533	14,428	(69)	15,582	200	36,674

The accompanying Notes form an integral part of the Financial Statements.

Notes

(Forming part of the financial statements)

1 Accounting policies

Quotient Sciences Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England and Wales. The registered number is 05221615 and the registered address is Trent House, Mere Way, Ruddington, Nottinghamshire, NG11 6JS.

The Company is exempt by virtue of s.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 Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The amendments to FRS 102 issued in July 2019 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Quad UK Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Quad UK Topco Limited are prepared in accordance with FRS 102, are available to the public and may be obtained from the Company Secretary at Trent House, Mere Way, Ruddington, Nottingham, NG11 6JS. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Quad UK Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

1.1. Measurement convention

The financial statements are prepared on the historical cost basis, except that Foreign Exchange forward contracts are stated at their fair market value.

1.2. Going concern

The directors have prepared detailed cashflow forecasts for the period ending 31 December 2021, which take into account the Company's liquidity. In preparing this assessment, the directors have considered a reasonably plausible downside scenario, which reflects the potential impacts on the business of COVID-19 and includes reductions in revenues in a potential 'second wave' scenario, and cost mitigations that are within the control of the company. The severe but plausible downside forecasts indicate that the Company has sufficient liquidity, such that it is able to continue to meet its liabilities as they fall due.

Accordingly, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern period, and the directors therefore continue to adopt the going concern basis in preparing these financial statements.

Notes (continued)

1 Accounting policies (continued)

1.3. Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4. Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) 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
- (b) 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.

1.5. Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors/creditors are recognised initially at transaction price less/plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Other financial instruments

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.6. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.13 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Fixtures and fittings	- 8 years
Plant and machinery	- 8 years
Included within office equipment	- Hardware – 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7. Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Intra-group business transfers

The transfer of trade and assets from other subsidiaries in the Quad UK Topco Limited group is accounted for by applying merger accounting. The book values are taken as the net assets recorded in the ultimate parent company accounts.

Notes (continued)

1 Accounting policies (continued)

1.8. Intangible assets

Software

Under FRS102, software is capitalised as an intangible asset and amortised over its estimated useful life, which is typically deemed to be three years.

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

1.9. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

1.10. Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs, the company tests the impairment of goodwill by determining the recoverable amount of the entity in its entirety, including the integrated acquired operations.

Notes (continued)

1 Accounting policies (continued)

1.10. Impairment excluding stocks and deferred tax assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.12. Turnover

Revenue is recognised upon transfer to the customer of the risk and rewards of ownership. This is generally on delivery of product and completion of the provision of services. Product revenue is recorded when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collectability is reasonably assured. The Company also provides managed services to its customers in the capacity of principal, the revenue from which is classed as pass through revenue.

Recognition of service revenue is primarily based on the completion of fixed price contracts. Revenue on fixed price contracts vary in term from a few days to greater than a year, with the majority of such contracts having a term of 6-12 months. On a monthly basis, management reviews the percentage of completion on these contracts in relation to the total estimated effort to complete the contract. As a result of the monthly reviews, revisions in estimated effort to complete the contract are reflected in the period in which the change became known. These judgments and estimates are not expected to result in a change that would materially affect the reported results. In some cases, a portion of the contract fee is paid at the time the study is initiated. These advances are deferred and recognised as revenue as services are performed. Conversely, in some cases, revenue is recorded based on the level of service performed in advance of billing the customer with the offset to prepayments and accrued income.

1.13. Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrues, using the effective interest method.

Notes (continued)

1 Accounting policies (continued)

1.14. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income:

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.15. Adjusted Items

The company identifies items that are non-recurring in the normal course of its trading activities, are considered exceptional and are therefore adjusted in reaching the trading EBITDA the directors use to measure on going performance of the business.

2 Acquisitions and disposal of businesses

Acquisitions in the current period

2.1 Quotient Sciences (Reading) Limited

On October 1, 2019, the Group hived-up all of the assets and liabilities of Quotient Sciences (Reading) Limited.

Effect of hive up

The hive-up had the following effect on the Company's assets and liabilities.

	Book values	Fair value adjustments	Recognised values on acquisition £000
Acquiree's net assets at the hive-up date:			
Tangible fixed assets	2,622	-	2,622
Goodwill	3,087	-	3,087
Trade and other debtors	2,630	-	2,630
Cash	28	-	28
Trade and other creditors	(3,135)	-	(3,135)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	5,232	-	5,232
	<hr/>	<hr/>	<hr/>
Total cost of business combination:			
Total consideration			2,145

The difference between the consideration of £2,145,000 and net identifiable assets and liabilities acquired of £5,232,000 has been recorded as an Other Reserve of £3,087,000.

Following the hive-up of trade and assets, the carrying value of investment in Quotient Sciences (Reading) Limited held by the Company was written down to its recoverable value of £2,145,000, with the allocation of this impairment being recorded in Other Reserves.

3 Turnover

	2020	2019
	£000	£000
Rendering of services	53,356	46,955
Pass through revenue	10,862	9,667
	<hr/>	<hr/>
Total turnover	64,218	56,622
	<hr/>	<hr/>
	2020	2019
	£000	£000
United Kingdom	9,565	9,449
Rest of Europe	16,141	15,695
Rest of World	38,512	31,478
	<hr/>	<hr/>
	64,218	56,622
	<hr/>	<hr/>

Notes (continued)

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2020 £000	2019 £000
Research & Development Expenditure Credit	(2,955)	(2,623)

The Company is entitled to claim Research & Development Credits ("RDEC") under the UK Government's policy to encourage investment in Research & Development. The Group makes claims as a large company under HMRC definitions, which provides a credit of 12% of Qualifying R&D expenditure (the rate has increased to 13% from April 1st, 2020). Of the total RDEC amount claimed, 81% is received as a cash payment, and 19% is received as a credit against current or future corporation tax charges.

The following items have been recorded as adjusted items:

	2020 £000	2019 £000
Re-branding costs	-	9
Recruitment/Redundancy costs	-	1
Site closure costs	-	8
New facility costs	-	36
M&A costs	8,108	-
Post-acquisition business review expenses	993	-
Quotient Sciences (Reading) Ltd Hive-up legal cost	16	-
	<u>9,117</u>	<u>54</u>

M&A costs related to the fees and expenses incurred on the sale of the Company's then ultimate parent company, Watch Topco Limited, to funds managed by Permira Advisors, on October 1st, 2019. Following the sale, the new owners undertook a one-off exercise in conjunction with external consultants to review the Group business to identify potential business and profitability improvements. The cost has been summarised under Post-acquisition business review and has been incurred on behalf of the Group.

The Company incurred one-off legal costs associated with the Hive-up of Quotient Sciences (Reading) Ltd.

Auditor's remuneration:

	2020 £000	2019 £000
Audit of these financial statements	54	45

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Quad UK Topco Limited.

Notes (continued)

5 Other operating income

	2020 £000	2019 £000
Proceeds from insurance claim	-	434
	<u> </u>	<u> </u>

In May 2017, there was a flood at the Company's manufacturing facility at Medicity in Nottingham. The facility was about to start operations, but this was halted due to the flood damage. The Company successfully made an insurance claim under its business interruption policy, worth a total of £2 million, of which £1,566,000 of the claim was recognised in the period to 31 March 2018, with the balance recognised in the year to 31st March 2019. No further claims were made in the current financial year.

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2020	2019
Laboratory based	401	318
Office and management	117	95
	<u> </u>	<u> </u>
	518	413
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	20,051	15,568
Social security costs	1,733	1,366
Contributions to defined contribution plans (note 22)	866	594
	<u> </u>	<u> </u>
	22,650	17,528
	<u> </u>	<u> </u>

7 Directors' remuneration

The directors holding office in the current financial year are not remunerated by the Company. They are remunerated by other group companies: Watch Bidco Limited from 1st April 2019 to 31st December 2019, and Quad UK Midco 2 Limited from 1st January 2020 to 31st March 2020. The Directors do not believe that it is practical to apportion this remuneration between their services as directors of the Company and their services as directors of other Quad UK Topco group undertakings.

Notes (continued)

8 Other interest receivable and similar income

	2020 £000	2019 £000
Bank interest receivable	-	1
Interest receivable from Group undertakings	1,843	606
	<hr/>	<hr/>
Total interest receivable and similar income	1,843	607
	<hr/>	<hr/>

9 Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable to group undertakings	867	297
Interest payable on financial liabilities at amortised cost	35	-
	<hr/>	<hr/>
Total other interest payable and similar expenses	902	297
	<hr/>	<hr/>

10 Taxation

Total tax expense recognised in the profit and loss account

	2020 £000	2020 £000	2019 £000	2019 £000
<i>Current tax</i>				
Current tax on income for the period	1,204		2,280	
Group relief payable	1,334		778	
Adjustments in respect of prior periods	(79)		17	
		<hr/>		<hr/>
Total current tax		2,459		3,075
<i>Deferred tax (note 21)</i>				
Origination and reversal of timing differences	(8)		136	
Adjustments in respect of prior periods	(9)		4	
Change in tax rate	113		-	
	<hr/>		<hr/>	
Total deferred tax		96		140
		<hr/>		<hr/>
Total tax		2,555		3,215
		<hr/>		<hr/>

Notes (continued)

10 Taxation (continued)

Reconciliation of effective tax rate

	2020 £000	2019 £000
Profit for the year	991	11,754
Total tax expense	2,555	3,215
Profit excluding taxation	3,546	14,969
Tax using the UK corporation tax rate of 19% (2019: 19%)	674	2,844
Non-deductible expenses	1,447	19
R&D expenditure credits	12	81
Adjustments to tax charge in respect of previous periods	(78)	17
Fixed asset differences	352	266
Adjustments to tax charge in respect of previous periods - deferred tax	(9)	4
Reduction in tax rate on deferred tax balances	76	(16)
Deferred tax not recognised	81	-
Total tax expense included in profit or loss	2,555	3,215

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 March 2020 has been calculated at 19% (2019: 17%).

11 Intangibles

	Software £000	Goodwill £000	Total £000
Cost			
Balance at 1 April 2019	2,066	26,581	28,647
QSL Reading Hive-up (note 2)	-	3,087	3,087
Additions	482	-	482
Balance at 31 March 2020	2,548	29,668	32,216
Amortisation and impairment			
Balance at 1 April 2019	1,201	7,115	8,316
Amortisation for the year	351	1,728	2,079
Balance at 31 March 2020	1,552	8,843	10,395
Net book value			
At 31 March 2020	996	20,825	21,821
At 31 March 2019	865	19,466	20,331

Notes (continued)

11 Intangibles (continued)

Amortisation charge

The amortisation is recognised in the following line items in the profit and loss account:

	2020	2019
	£000	£000
Administrative expenses	2,079	1,626

The goodwill included above relates to the acquisition of the trade and assets of the Quotient Sciences business in December 2013. The goodwill arising thereon is being amortised over its estimated useful life of 20 years.

12 Tangible fixed assets

	Fixtures and fittings £000	Plant and machinery £000	Total £000
Cost			
Balance at 1 April 2019	7,136	7,151	14,287
QSL Reading Hive-up (note 2)	1,086	1,536	2,622
Additions – externally purchased	371	1,194	1,565
Balance at 31 March 2020	<u>8,593</u>	<u>9,881</u>	<u>18,474</u>
Depreciation and impairment			
Balance at 1 April 2019	3,921	3,355	7,276
Depreciation charge for the year	783	1,105	1,888
Balance at 31 March 2020	<u>4,704</u>	<u>4,460</u>	<u>9,164</u>
Net book value			
At 31 March 2020	<u>3,889</u>	<u>5,421</u>	<u>9,310</u>
At 31 March 2019	<u>3,215</u>	<u>3,796</u>	<u>7,011</u>

Notes (continued)

13 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning of year:	
Investment in Quotient US Holdings, Inc	14,024
Investment in Quotient Sciences (Reading) Ltd	5,031
	<hr/>
At end of year	19,055
	<hr/>
Provisions	
At beginning of year	
Sale of Quotient US Holdings, Inc.	(14,024)
Quotient Sciences (Reading) Ltd Hive-up	(2,886)
	<hr/>
At end of year	(16,910)
	<hr/>
Net book value	
At 31 March 2020	2,145
	<hr/>
At 31 March 2019	19,055
	<hr/>

Quotient Sciences (Reading) Limited

With effect from 1st April 2019, the Company acquired the business and assets of Quotient Sciences (Reading) Limited for its net asset value of £2,145,000. Following this the remaining investment in Quotient Sciences (Reading) Limited was written down to its recoverable amount of £2,145,000.

Quotient US Holdings Inc.

On October 1st, 2019 following the acquisition of the Group by funds managed by Permira Advisors LLP, there was a reorganisation of the Group, part of which involved the Company's investment in Quotient Sciences US Holdings, Inc. being transferred to the Company's immediate parent, Watch Bidco Limited, by way of a dividend in specie.

Notes (continued)

13 Fixed asset investments (continued)

The Company has the following investments in subsidiaries:

	Country of incorporation	Class of shares held	Ownership 2020 %	Ownership 2019 %
Co-Formulate Ltd	United Kingdom	Ordinary	100	100
Quotient Sciences (Reading) Ltd	United Kingdom	Ordinary	100	100
Quotient US Holdings, Inc.	USA	Ordinary	-	100

The registered office for the UK subsidiaries is Trent House, Mere Way, Ruddington-Nottingham NG11 6JS. The registered office of Quotient US Holdings, Inc. is CSC (Registered Agent) 2711 Centerville Rd Suite 400 Wilmington, DE 19808, USA. The Investment in Quotient Sciences US Holdings, Inc. was transferred to Watch Bidco Limited by issue of dividend in specie following acquisition of the Group by funds managed by Permira Advisors on October 1st, 2019.

14 Stocks

	2020 £000	2019 £000
Raw materials and consumables	100	272

15 Debtors

	2020 £000	2019 £000
Trade debtors	8,517	7,249
Amounts owed by group undertakings	21,106	11,753
Amount receivable in relation to the RDEC	1,919	404
Prepayments	2,662	1,980
Accrued income	7,181	6,961
	41,385	28,347
Due within one year	41,385	28,347
Due after more than one year	-	-
	41,385	28,347

16 Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	18,122	8,765

Notes (continued)

17 Creditors: amounts falling due within one year

	Note	2020 £000	2019 £000
Trade creditors		4,206	2,893
Taxation and social security		1,212	1,019
Other creditors		657	419
Accruals		3,466	3,949
Deferred income		14,408	13,983
Amounts owed to group undertakings	19	16,672	4,511
		<u>40,621</u>	<u>26,774</u>

18 Creditors: amounts falling after more than one year

	2020 £000	2019 £000
Revolving Overdraft facility (less amortised issued costs) (note 19)	15,000	-
Issue costs (less amortisation)	(457)	-
	<u>14,543</u>	<u>-</u>

The Company has a Revolving Facility of £15 million, which was fully drawn at the balance sheet date and is repayable by April 2026. It was fully repaid in September 2020. Interest on the Revolving Facility is payable at LIBOR plus 4.00%. The Revolving Facility is secured by debentures containing fixed and floating charges over the assets of the Quad UK Topco group of companies, of which the Company is a wholly-owned subsidiary.

19 Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2020 £000	2019 £000
Creditors falling due within less than one year		
Amounts due to group undertakings	16,672	4,511
	<u>16,672</u>	<u>4,511</u>

The amounts payable to group undertakings currently incur a 10% annual rate of interest and are repayable on demand. As such, they are classified within creditors due in less than one year.

Notes (continued)

20 Other financial liabilities

	2020 £000	2019 £000
Amounts falling due after more than one year		
Financial liabilities held for trading (including all derivatives)	-	-
	<u> </u>	<u> </u>
Amounts falling due within one year		
Financial liabilities held for trading (including all derivatives)	-	19
	<u> </u>	<u> </u>

21 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Accelerated capital allowances	-	-	1,057	974	1,057	974
Other short term timing differences	(12)	(25)	-	-	(12)	(25)
Unused tax losses	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Tax (assets) / liabilities	(12)	(25)	1,057	974	1,045	949
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net tax (assets) / liabilities	(12)	(25)	1,057	974	1,045	949
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Company has an unrecognised deferred tax asset of £81,000 (2019: £nil).

22 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £866,000 (2019: £594,000).

23 Capital and reserves

Share capital	Ordinary shares Number
In issue at 1 April 2019 and at 31 March 2020 – fully paid	653,292,527
	<u> </u>

Notes (continued)

23 Capital and reserves (continued)

	2020 £000	2019 £000
Allotted, called up and fully paid		
653,292,527 Ordinary shares of £0.01 each	6,533	6,533
	<hr/>	<hr/>
Shares classified in shareholders' funds	6,533	6,533
	<hr/>	<hr/>
	6,533	6,533
	<hr/>	<hr/>

Share premium account

408,026 'A' ordinary shares of £0.01 each were issued at £1.00 per share, giving rise to a share premium of £0.99 per share, amounting to £403,946. These shares were re-designated as Ordinary shares of £0.01 each in 2013.

Pursuant to a refinancing in May 2017, the Company issued one new Ordinary share of £0.01 to the Company's parent, Watch Bidco Limited. The one new Ordinary share was issued at £14,024,144 per share giving rise to a share premium of £14,024,144.

Company reserve for own shares

These relate to shares previously allocated to an Employee Benefit Trust in 2005 and reserved for issue to employees. The Trust no longer holds any of the shares.

24 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2020 £000	2019 £000
Less than one year	1,387	960
Between one and five years	4,472	3,503
More than five years	3,489	3,236
	<hr/>	<hr/>
	9,348	7,699
	<hr/>	<hr/>

During the year £1,370,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £982,000).

Notes (continued)

25 Commitments

Capital commitments

The Company contractual commitments to purchase tangible fixed assets at the year-end were £499,000 (2019: £546,000).

26 Related parties

Identity of related parties with which the Company has transacted

As the Company is a wholly owned subsidiary of Quad UK Topco Limited, the Company has taken advantage of the exemption in FRS 102 not to disclose transactions with other wholly owned members of the Group.

27 Ultimate parent company and parent company of larger group

The Company's immediate parent company is Watch Bidco Limited, and ultimate parent company is Quad UK Topco Limited, a company incorporated in UK. The ultimate controlling party is SixPlatform IX Limited, a private company, limited by shares and incorporated in England and Wales. The registered office is 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD.

On October 1, 2019, funds managed by Permira Advisors acquired the previous holding company of the Group, Watch Topco Limited, from GHQ Capital.

The largest group in which the results of the Company are consolidated is that headed by Quad UK Topco Limited, a company incorporated in the UK. The consolidated financial statements of Quad UK Topco Limited are available to the public and may be obtained from the Company Secretary at Trent House, Mere Way, Ruddington, Nottingham, NG11 6JS.