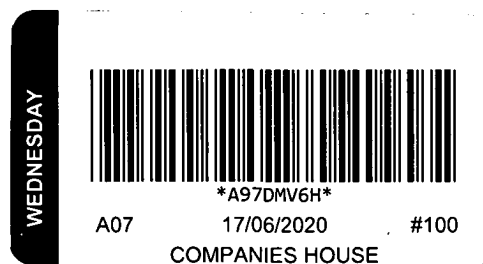


# The Binding Site Group Limited

Reports and financial statements

30 September 2019

Registered number: 05508774



# The Binding Site Group Limited

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# **The Binding Site Group Limited**

## **Directors and advisors**

### **The Board of Directors**

C Booth  
P A McGarry  
S J Harding

### **Registered office**

8 Calthorpe Road  
Edgbaston  
Birmingham  
West Midlands  
B15 1QT

### **Independent auditors**

Ernst & Young LLP  
One Colmore Square  
Birmingham  
B4 6HQ

### **Bankers**

HSBC Bank plc  
120 Edmund Street  
Birmingham  
B3 2QZ

### **Solicitors**

Pinsent Masons LLP  
55 Colmore Row  
Birmingham  
B3 2FG

# The Binding Site Group Limited

## Strategic Report for the year ended 30 September 2019

The directors present their Strategic Report for the year ended 30 September 2019.

### Review of the business

The principal activity of The Binding Site Group Limited (the 'Company') during the year continued to be the manufacture and supply of medical diagnostic products. The majority of the Company comprises of UK operations but the Company also has branches in France, Spain and Portugal.

On 31 December 2018, the Company transferred its' Spanish operations to an incorporated subsidiary in Spain, The Binding Site Spain (Specialist Protein Company), S.L.. On 31 May 2019, the Company transferred its' Portuguese operations to an incorporated subsidiary in Portugal, The Binding Site Portugal, Specialist Protein Company, Unipessoal, Ltd.

Both segments of the business represent all operations in Spain and Portugal for the Company and are classified as discontinued operations.

On 30 June 2019, the Company announced the decision of the Board of Directors to transfer its' French operations on 1 October 2019, to an incorporated subsidiary in France, The Binding Site France SASU. This segment of the business represents all operations in France for the Company. At 30 September 2019, the French branch was classified as an asset held for sale and as a discontinued operation.

The majority of the Company's turnover is derived from the sale of blood tests to public and private hospitals, laboratories and research institutions. Freelite is the Company's biggest selling product which is used in the diagnosis and monitoring of a severe blood cancer, Multiple Myeloma. The Company also develops and sells a range of tests designed to detect deficiencies in and the performance of a patient's immune system. In addition, the Company places its own laboratory instruments, the Optilite, with customers and these placements improve uptake of the Company's tests.

The key financial performance indicators during the year were as follows:

	2019	2018	Change	Change
	£'000	£'000	£'000	%
Revenue	91,617	77,621	13,996	18%
Gross profit	65,510	55,500	10,010	18%
Operating profit before exceptional costs	35,256	27,964	7,292	26%
Operating profit	35,256	10,649	24,607	231%
Profit after taxation	33,153	9,169	23,984	262%
Profit after tax including discontinued operations	39,656	15,611	24,045	154%

# The Binding Site Group Limited

## Strategic Report *continued*

Given the global nature of the Company, around 64% (2018: 69%) of the Company's sales are in US dollars and 31% (2018: 29%) are in Euros whereas most of the cost of production is in pounds sterling together with the UK head office functions. Consequently, currency fluctuations can influence the underlying results of the business. In the table below revenue is presented on a 'constant currency' basis i.e. removing the impact of year on year currency fluctuations; 2019 constant currency revenue has been represented using currency rates of £:\$1.25 and £:€1.15.

	2019	2018	Change	Change
	£'000	£'000	£'000	%
Constant currency revenue	92,493	80,823	11,670	14%

Key highlights for the year include:

- Overseas expansion: the Company opened wholly owned subsidiaries in China and New Zealand to more fully exploit the local market opportunities.
- Continued successful execution of the Optilite strategy with another record year of placements whilst securing a greater share of revenues on the Company's own instrument platforms.
- Brexit preparations: the Company continues to monitor discussions between the British Government and the EU regarding a potential 'Brexit deal'. As an organisation we have sought to ensure that whatever the Brexit outcome it did not impact on the supply, support and service to our customers. Therefore we have undertaken the following actions around our key operations, including;
  - Development of our German and French operations to fully serve as distribution hubs to the entire European market and increasing the level of finished stock holding at these locations;
  - Conversion of European offices that were operating as branches into subsidiaries (Spain, Portugal and France);
  - Increased stockholding of any European sourced raw materials and components by up to 6 months.

### Future developments

Looking forward, growth is expected to continue to be driven by the take-up of Freelite and also increased sales of our other protein tests driven by Optilite instrument placements whilst continuing to develop geographic expansion opportunities, in particular in Asia Pacific. The business also continues to invest in the next generation of testing technology combining the Company's market leading antibody and protein specialisms with Mass Spectrometry technology, which should support future growth prospects.

# The Binding Site Group Limited

## Strategic Report *continued*

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate measures put in place to monitor and mitigate them. The key business risks affecting the Company are set out below:

a) Competition

The Company operates in a competitive market with potential threats arising from new products and new competitors.

Consequently, the Company routinely monitors the competitive landscape both in terms of new entrants to the market and of new competing technologies and has been successful in measures implemented to robustly defend its position in terms of its scientific and commercial position.

b) Regulatory/Quality

Given the technical nature of our products and regulatory context in which we operate there is a risk that the business does not meet the performance and quality expectations of global regulatory bodies and those of our customers.

To mitigate these risks, the Company undertakes weekly and monthly reviews to monitor quality standards employing dedicated and experienced quality and regulatory departments to ensure they are being met. In recent years the business has invested heavily in this area both in terms of headcount and continual update of quality and regulatory procedures.

c) Employees

The Company's performance depends on its managers and staff. The resignation of key individuals and any inability to recruit people with the right experience and skills from the local community could adversely affect the Company's results. To mitigate these issues, the Company operates a training programme for all employees and has implemented a number of reward schemes linked to the Company's results and individual performance that are designed to retain key individuals.

d) Supply chain

Given the Company's dependence on certain specialised raw materials, our purchasing team continually monitors supplier performance and actively seeks to ensure alternative supplies are available where possible. The Company also continues to invest in raw material production to ensure that there is sufficient capacity to cope with the current and anticipated business growth.

e) Investments

Given the nature of the Company, there are no significant trading risks or uncertainties facing the Company. The Company holds investments in other companies within the Company. The carrying value of these investments relies on the trading performance of the company invested in. Should trading results deteriorate, there is a risk that the value of the investment may become impaired.

# The Binding Site Group Limited

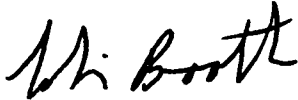
## Strategic Report *continued*

### f) Financial risk management

The Company's operations expose it to a variety of financial risks that include exchange risk, credit risk and liquidity risk. The Company manages these risks as follows:

- As set out in the Review of the business section of this report, due to the international nature of the business, foreign exchange movements can influence the sales and profits of the Company. The majority of revenues are in US Dollars and Euros and should these currencies weaken significantly versus pound sterling, being the currency of our UK head office and principle production facility, then reported results will be depressed. The Company monitors this risk on a regular basis.
- The Company has implemented policies that require appropriate assessment of credit limits for potential customers before sales are made.

By order of the board



C Booth  
Director

20 December 2019

# The Binding Site Group Limited

## Directors' Report for the year ended 30 September 2019

Registered number: 05508774

The directors present their report for the year ended 30 September 2019. Information with regards branches outside of the UK, future developments and financial instruments are included in the Strategic Report as permitted under s414C(11).

### Directors

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

H D Carr-Smith (resigned 1 October 2019)

S J Harding

D Feger (resigned 1 October 2019)

C Booth (appointed 6 February 2019)

P A McGarry (appointed 6 February 2019)

### Directors' indemnities

The Company maintains liability insurance for its directors and officers. Following shareholder approval the Company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

### Research and development

The Company continues to invest substantially in research and development, progressing major long term projects as well as introducing new products during the period. To safeguard and promote future growth the business is developing the next generation of testing, initially focused on the principal market that the business currently services (diagnosis and monitoring of Multiple Myeloma/Monoclonal Gammopathies) and combining the Company's market leading antibody and protein specialisms with Mass Spectrometry technology. Details of amounts expensed are detailed in Note 4 and those costs capitalised are set out in Note 13.

### Results for the year

The profit for the year, after taxation, amounted to £39,656,000 (2018: £15,611,000).

In 2019, the Company paid a dividend of £nil (2018: £34,009,000) to its holding company.

# The Binding Site Group Limited

## Directors Report *continued*

### Employees

The Company is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, religion, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

In order to recognise the contribution made by employees in the Company, it supports them in ways such as the operation of a childcare voucher scheme, a cycle to work scheme and the payment of discretionary bonuses.

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its performance. Employees receive a company newsletter which gives Company performance information and updates on key developments as well as regular meetings with their managers.

### Going concern

The directors, having assessed the Cidron (TBS) NewHoldco Limited group (the highest parent company to produce consolidated accounts in the group) and the Company's financial position, and having assessed the responses of the other companies within the group, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Cidron (TBS) NewHoldco Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of the assessment of the group and company financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# The Binding Site Group Limited

## Statement of directors' responsibilities in respect of the Reports 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 the directors have elected to prepare the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved, the following applies:

- a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b) he 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



C Booth

Director

20 December 2019

# **Independent auditor's report to the members of The Binding Site Group Limited**

## **Opinion**

We have audited the financial statements of The Binding Site Group Limited for the year ended 30 September 2019 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Independent auditor's report to the members of The Binding Site Group Limited *continued***

## **Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **Matters on which we are required to report by exception**

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

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

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

## **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Independent auditor's report to the members of The Binding Site Group Limited *continued***

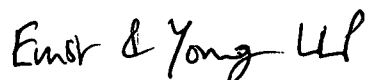
### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.



Adrian Roberts (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham

Date: 20 December 2019

# The Binding Site Group Limited

## Income statement

for the year ended 30 September 2019

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Revenue	3	91,617	77,621
Cost of sales		(26,107)	(22,121)
<b>Gross profit</b>		<b>65,510</b>	<b>55,500</b>
Administrative expenses		(30,254)	(27,536)
Exceptional items	20	-	(17,315)
<b>Operating profit</b>	<b>4</b>	<b>35,256</b>	<b>10,649</b>
Finance income	7	1,298	1,443
Finance costs	8	(100)	(152)
Investment income	9	1,114	688
<b>Profit before taxation</b>		<b>37,568</b>	<b>12,628</b>
Tax expense	11	(4,415)	(3,459)
<b>Profit for the year from continuing operations</b>		<b>33,153</b>	<b>9,169</b>
Profit after tax for the year from discontinued operations	10	6,503	6,442
<b>Profit for the year</b>		<b>39,656</b>	<b>15,611</b>

# The Binding Site Group Limited

## Statement of comprehensive income for the year ended 30 September 2019

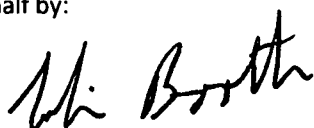
Note	2019	2018
	£'000	£'000
<b>Profit for the year</b>	<b>39,656</b>	<b>15,611</b>
<b>Other comprehensive expense:</b>		
<b>Items that cannot be reclassified to profit or loss:</b>		
Actuarial losses on defined benefit plans	23 (3,544)	(118)
Income tax effect on defined benefit plan	11 661	20
	<u>(2,883)</u>	<u>(98)</u>
<b>Items that can be reclassified to profit or loss:</b>		
Exchange differences on translation of foreign operations	(32)	16
<b>Other comprehensive expense for the year, net of tax</b>	<b><u>(2,915)</u></b>	<b><u>(82)</u></b>
<b>Total comprehensive income for the year, net of tax</b>	<b><u>36,741</u></b>	<b><u>15,529</u></b>

# The Binding Site Group Limited

## Statement of financial position at 30 September 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Property, plant and equipment	12	12,490	12,204
Intangible assets	13	19,098	15,862
Deferred tax assets	11	1,077	968
Investments	14	15,461	13,978
		<u>48,126</u>	<u>43,012</u>
<b>Current assets</b>			
Inventories	15	25,914	22,013
Trade and other receivables	16	63,229	43,734
Prepayments		1,505	1,899
Other current financial assets	17	1,094	565
Cash and short term deposits		15,461	4,592
Assets held for sale	10	3,521	-
		<u>110,724</u>	<u>72,803</u>
<b>Total assets</b>		<b><u>158,850</u></b>	<b><u>115,815</u></b>
<b>Current liabilities</b>			
Trade and other payables	18	(8,223)	(3,083)
Income tax payable		(610)	(386)
Accruals		(3,541)	(3,917)
		<u>(12,374)</u>	<u>(7,386)</u>
<b>Non-current liabilities</b>			
Deferred tax liability	11	(2,703)	(2,241)
Defined benefit pension plan deficit	23	(6,537)	(5,693)
		<u>(9,240)</u>	<u>(7,934)</u>
<b>Total liabilities</b>		<b><u>(21,614)</u></b>	<b><u>(15,320)</u></b>
<b>Net assets</b>		<b><u>137,236</u></b>	<b><u>100,495</u></b>
<b>Capital and reserves</b>			
Equity share capital	21	1	1
Share premium account		12,558	12,558
Retained earnings		124,677	87,904
Foreign currency translation reserve		-	32
<b>Total equity</b>		<b><u>137,236</u></b>	<b><u>100,495</u></b>

These financial statements were approved by the directors on 20 December 2019 and are signed on their behalf by:



C Booth  
Director

# The Binding Site Group Limited

## Statement of changes in equity for the year ended 30 September 2019

	Issued capital (Note 21) £'000	Share premium £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total Equity £'000
<b>At 1 October 2017</b>	<b>1</b>	<b>12,558</b>	<b>16</b>	<b>106,400</b>	<b>118,975</b>
Profit for the year	-	-	-	15,611	15,611
Other comprehensive income/(expense)	-	-	16	(98)	(82)
<b>Total comprehensive income</b>	-	-	<b>16</b>	<b>15,513</b>	<b>15,529</b>
Dividends paid (Note 22)	-	-	-	(34,009)	(34,009)
<b>At 30 September 2018 and 1 October 2018</b>	<b>1</b>	<b>12,558</b>	<b>32</b>	<b>87,904</b>	<b>100,495</b>
Profit for the year	-	-	-	39,656	39,656
Other comprehensive expense	-	-	(32)	(2,883)	(2,915)
<b>Total comprehensive income/(expense)</b>	-	-	<b>(32)</b>	<b>36,773</b>	<b>36,741</b>
<b>At 30 September 2019</b>	<b>1</b>	<b>12,558</b>	-	<b>124,677</b>	<b>137,236</b>

# The Binding Site Group Limited

## Notes to the financial statements

### 1. Authorisation of financial statements and statement of compliance with FRS101

The financial statements of The Binding Site Group Limited (the "Company") for the year ended 30 September 2019 were authorised for issue by the board of directors on 20 December 2019 and the statement of financial position was signed on the board's behalf by Mr Colin Booth. The Binding Site Group Limited is incorporated and domiciled in England and Wales.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of The Binding Site Corporation Limited. The results of The Binding Site Corporation Limited are included in the consolidated financial statements of Cidron (TBS) NewHoldco Limited which are available from 8 Calthorpe Road, Edgbaston, Birmingham, B15 1QT.

The principal accounting policies adopted by the Company are set out in Note 2.

### 2. Accounting policies

#### 2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 September 2019.

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

On 1 October 2018 the Company adopted IFRS 9 'Financial Instruments' on a retrospective basis and IFRS 15 'Revenue from Contracts with Customers' using the cumulative effect method. There have been no material impacts on the Company's financial statements from adopting these standards.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The Company has applied the transitional provision in IFRS 1 to recognise investments in subsidiaries and joint ventures at 1 September 2014 at deemed cost, being the carrying value under UK GAAP; and
- the requirements of 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;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

# The Binding Site Group Limited

## Notes to the financial statements

### 2.2 Going concern

The directors, having assessed the Cidron (TBS) NewHoldco Limited group (the highest parent company to produce consolidated accounts in the group) and the Company's financial position, and having assessed the responses of the other companies within the group, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Cidron (TBS) NewHoldco Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of the assessment of the group and company financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### 2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

#### ***Operating lease commitments***

The Company has entered into commercial leases as a lessee to obtain the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

## Notes to the financial statements *continued*

### 2.3 Judgements and key sources of estimation uncertainty *continued*

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the statement of financial position date:

#### ***Impairment of non-financial assets***

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

#### ***Taxation***

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 11.

#### ***Pension and other post-employment benefits***

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details about the assumptions used are given in Note 23.

## Notes to the financial statements *continued*

### 2.4 Significant accounting policies

#### a) *Foreign currency translation*

The Company's financial statements are presented in sterling, which is also the UK Company's functional currency. The Company also had branches in France, Spain and Portugal during the year where the functional currency is the Euro.

Transactions in foreign currencies are initially recorded in the branch's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### b) *Intangible assets*

##### **Goodwill**

Goodwill is initially measured at cost, being the excess of the acquisition cost over the Company's interest in the assets and liabilities recognized. Goodwill is not amortised, but is reviewed for impairment annually or whenever there is any indication of impairment.

This is a departure from the requirements of the Companies Act 2006 which requires amortisation of goodwill. However, the departure is necessary in order that the financial statements show a true and fair view, as the carrying value of goodwill is not considered to reduce gradually over its life. By recognising any impairment as it arises, this better reflects the true carrying value of the goodwill and is consistent with IFRS. The group is not able to reliably estimate the impact of non-amortisation on the Income statement, because the useful economic life and the pattern of diminishment of the goodwill cannot be reliably predicted.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## Notes to the financial statements *continued*

### 2.4 Significant accounting policies *continued*

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

#### **Research and development costs**

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Administration expenses. During the period of development, the asset is tested for impairment annually.

## Notes to the financial statements *continued*

### 2.4 Significant accounting policies *continued*

A summary of the policies applied to the Company's intangible assets is as follows:

	Software	Goodwill	Customer lists	Development costs
<b>Useful lives</b>	3-10 years	Indefinite	5 years	5 years
<b>Amortisation method used</b>	Amortised over the period of expected future benefit of the software	No amortisation	Amortised over the period of expected future benefit of the customer lists	Amortised over the period of expected future sales from the related product on a straight-line basis
<b>Internally generated or acquired</b>	Acquired	Acquired	Acquired	Internally generated

#### c) *Investments*

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

#### d) *Tangible fixed assets*

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is provided on all property, plant and equipment, other than land, on a straight line basis over its expected useful life as follows:

- Freehold land Non-depreciable
- Freehold buildings 20 – 50 years
- Plant & machinery (general) 6 – 10 years
- Plant & machinery (instruments) 6 years
- Fixtures, fittings and computer equipment 4 – 6 years
- Motor vehicles 4 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

## Notes to the financial statements *continued*

### 2.4 Significant accounting policies *continued*

#### e) *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

#### f) *Provisions for liabilities*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### g) *Leases*

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

##### **Company as a lessee**

Finance leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

## Notes to the financial statements *continued*

### 2.4 Significant accounting policies *continued*

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

#### h) *Financial instruments*

##### *Financial assets*

###### *Initial recognition and measurement*

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and derivative financial instruments.

###### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

###### *Held-to-maturity investments*

The Company did not have any held-to-maturity investments during the years ended 30 September 2019 (2018: *Nil*).

##### *Financial liabilities*

###### *Initial recognition and measurement*

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

###### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

###### *Interest bearing loans and borrowings*

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

## Notes to the financial statements *continued*

### 2.4 Significant accounting policies *continued*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

#### **Derecognition of financial liabilities**

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

#### **Fair values**

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

#### **i) Inventories**

Inventories are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items. Cost comprises direct material and labour costs together with the relevant factory overheads (including depreciation) on the basis of normal activity levels. Raw materials and bought-in-goods are valued on a first in first out basis.

Work in progress is valued on the basis of direct costs plus overheads attributable to the manufacturing process based on normal levels of activity. A provision is made for any foreseeable losses where appropriate to write inventories down to net realisable value where appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

No element of profit is included in the valuation of work in progress.

#### **j) Trade and other receivables**

Trade debtors, which generally have 30-60 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

## Notes to the financial statements *continued*

### 2.4 Significant accounting policies *continued*

#### k) *Cash and cash equivalents*

Cash and short term deposits in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

#### l) *Income taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

#### m) *Pensions and other post-employment benefits*

The Binding Site Group Limited operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the Company. The scheme is now closed to new and existing members. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

## Notes to the financial statements *continued*

### 2.4 Significant accounting policies *continued*

The Company's accounting policy for defined benefit plans is to recognise actuarial gains and losses in the period in which they occur in full in other comprehensive income in accordance with IAS 19.93A.

#### n) *Exceptional items*

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

#### o) *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

##### **Sales of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Revenue from diagnostic kits and laboratory consumables are recognised when the principal risks and rewards of ownership pass to the customer, typically when the goods are despatched. Revenue from the sale of equipment is typically recognised when the equipment is received by the customer. For maintenance support and service contracts, revenue is recognised on a straight line basis over the term of the contract.

#### p) *New standards and interpretations not yet adopted*

##### **IFRS 16 Leases**

IFRS 16, effective for annual periods beginning on or after 1 January 2019, includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-to-use-asset. Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-to-use-asset.

The Company has assessed the impact of this standard and provided training to implement this in the coming year. This standard is effective from the year ended 30 September 2020.

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 3. Revenue

Revenue recognised in the income statement is analysed as follows.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	10,851	9,040
Other European Union countries	23,662	20,651
United States of America	42,453	36,549
Rest of World	14,651	11,381
<b>Total revenue per income statement</b>	<b>91,617</b>	<b>77,621</b>

## The Binding Site Group Limited

### Notes to the financial statements *continued*

#### 4. Operating profit

This is stated after charging:

	Continuing Operations		Discontinuing Operations		Total	
	2019	2018	2019	2018	2019	2018
Included in administration expenses:	£'000	£'000	£'000	£'000	£'000	£'000
Amortisation of capitalised development costs	1,299	1,178	-	-	1,299	1,178
Loss on disposal of intangibles	763	449	-	-	763	449
Research and development expenditure expensed	1,863	1,282	-	-	1,863	1,282
<b>Total research and development costs</b>	<b>3,925</b>	<b>2,909</b>	<b>-</b>	<b>-</b>	<b>3,925</b>	<b>2,909</b>
Included in cost of sales:						
Cost of inventories recognised as an expense	25,276	20,394	358	566	25,634	20,960
Depreciation of owned property, plant and equipment	808	664	326	289	1,134	953
Amortisation of intangible assets	23	15	101	69	124	84
Included in administration expenses:						
Amortisation of intangible assets	567	486	4	46	571	532
Impairment of intangible assets	9	-	-	-	9	-
Depreciation of owned property, plant and equipment	1,283	1,094	75	286	1,358	1,380
(Profit)/loss on disposal of tangible fixed assets	(43)	(18)	53	33	10	15
Net (gain)/loss on foreign currency translation	(2,048)	633	(24)	-	(2,072)	633
Operating lease payments – minimum lease payments:						
Land and buildings	3,019	2,992	129	195	3,148	3,187
Other	10	11	136	269	146	280
	<b>3,029</b>	<b>3,003</b>	<b>265</b>	<b>464</b>	<b>3,294</b>	<b>3,467</b>

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 5. Auditors remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Audit of the financial statements	125	128
Tax compliance services	54	64
Tax advisory services	66	61
Corporate finance	12	60
	<b>257</b>	<b>313</b>

### 6. Staff costs and directors' remuneration

<b>Staff costs</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	26,959	23,914
Social security costs	3,148	3,068
Other pension costs	1,483	1,392
	<b>31,590</b>	<b>28,374</b>

Included in other pension costs are £nil (2018: £Nil) in respect of defined benefit schemes and £1,295,000 (2018: £1,392,000) in respect of the defined contribution scheme.

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 6. Staff costs and directors' remuneration *continued*

The average monthly number of employees during the year was made up as follows:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Production and research & development staff	479	425
Sales and marketing staff	141	156
Administrative staff	114	108
	<b>734</b>	<b>689</b>

#### *Directors' remuneration*

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments receivable	1,682	888
Pension contributions to money purchase schemes	11	18

The number of directors who received contributions into money purchase pension schemes was as follows:

	<b>2019</b>	<b>2018</b>
Money purchase scheme	2	2

In respect of the highest paid director:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate remuneration	402	340

Key management are considered to be the directors of the entity.

### 7. Finance income

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	2	35
Interest receivable on intercompany loans	1,296	1,408
	<b>1,298</b>	<b>1,443</b>

### 8. Finance costs

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Net loss on pension scheme (Note 23)	100	152
	<b>100</b>	<b>152</b>

### 9. Investment income

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Dividends received from subsidiaries	1,114	688
	<b>1,114</b>	<b>688</b>

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 10. Discontinued operations

On 31 December 2018, the Company transferred its' Spanish operations to an incorporated subsidiary in Spain, The Binding Site Spain (Specialist Protein Company), S.L.. On 31 May 2019, the Company transferred its' Portuguese operations to an incorporated subsidiary in Portugal, The Binding Site Portugal, Specialist Protein Company, Unipessoal, Ltd.

Both segments of the business represent all operations in Spain and Portugal for the Company and are classified as discontinued operations.

On 30 June 2019, the Company announced the decision of the Board of Directors to transfer its' French operations on 1 October 2019, to an incorporated subsidiary in France, The Binding Site France SASU. This segment of the business represents all operations in France for the Company. At 30 September 2019, the French branch was classified as an asset held for sale and as a discontinued operation.

### Spanish operations

The results of Spanish operations for the year are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Revenue	1,359	4,885
Expenses	(87)	(98)
<b>Operating income</b>	<b>1,272</b>	<b>4,787</b>
Finance costs	(612)	(2,422)
<b>Profit before tax from discontinued operation</b>	<b>660</b>	<b>2,365</b>
Tax expense	(36)	(103)
<b>Profit for the year from discontinued operation</b>	<b>624</b>	<b>2,262</b>

### Portuguese operations

The results of Portuguese operations for the year are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Revenue	607	727
Expenses	(34)	(18)
<b>Operating income</b>	<b>573</b>	<b>709</b>
Finance costs	(168)	(219)
<b>Profit before tax from discontinued operation</b>	<b>405</b>	<b>490</b>
Tax expense	(10)	(12)
<b>Profit for the year from discontinued operation</b>	<b>395</b>	<b>478</b>

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 10. Discontinued operations *continued*

#### French operations

The results of French operations for the year are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Revenue	9,759	7,167
Expenses	(283)	(218)
<b>Operating income</b>	<b>9,476</b>	<b>6,949</b>
Finance costs	(3,830)	(3,215)
<b>Profit before tax from discontinued operation</b>	<b>5,646</b>	<b>3,734</b>
Tax expense	(162)	(32)
<b>Profit for the year from discontinued operation</b>	<b>5,484</b>	<b>3,702</b>

The major classes of assets and liabilities of the French operations classified as held for sale at 30 September 2019 are as follows:

	<b>2019</b>
	<b>£'000</b>
<i>Assets</i>	
Property, plant and equipment (Note 12)	1,057
Intangible assets (Note 13)	209
Inventories	646
Debtors	2,294
Cash and short-term deposits	421
<b>Assets held for sale</b>	<b>4,627</b>
<i>Liabilities</i>	
Creditors	(1,106)
<b>Liabilities directly associated with assets held for sale</b>	<b>(1,106)</b>
<b>Net assets directly associated with disposal group</b>	<b>3,521</b>

## The Binding Site Group Limited

### Notes to the financial statements *continued*

#### 11. Taxation

##### (a) Tax charged in the income statement

	Continuing operations		Discontinued operations		Total	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Current income tax:</b>						
UK corporation tax	4,415	2,795	-	-	4,415	2,795
Amounts under/(over) provided in previous years	(462)	98	-	-	(462)	98
Net overseas tax suffered	-	-	208	147	208	147
<b>Total current income tax</b>	<b>3,953</b>	<b>2,893</b>	<b>208</b>	<b>147</b>	<b>4,161</b>	<b>3,040</b>
<b>Deferred tax:</b>						
Origination and reversal of timing differences	662	634	-	-	662	634
Amounts over provided in previous years	(129)	(1)	-	-	(129)	(1)
Impact of change in tax laws and rates	(71)	(67)	-	-	(71)	(67)
<b>Total deferred tax charge</b>	<b>462</b>	<b>566</b>	<b>-</b>	<b>-</b>	<b>462</b>	<b>566</b>
<b>Tax expense in the income statement</b>	<b>4,415</b>	<b>3,459</b>	<b>208</b>	<b>147</b>	<b>4,623</b>	<b>3,606</b>
<b>Tax relating to items charged or credited to other comprehensive income</b>						
<b>Current tax:</b>						
Total current income tax	(551)	-	-	-	(551)	-
<b>Deferred tax:</b>						
On actuarial losses on defined benefit plans	(110)	(20)	-	-	(110)	(20)
<b>Total deferred tax</b>	<b>(110)</b>	<b>(20)</b>	<b>-</b>	<b>-</b>	<b>(110)</b>	<b>(20)</b>
<b>Tax credit in the statement of other comprehensive income</b>	<b>(661)</b>	<b>(20)</b>	<b>-</b>	<b>-</b>	<b>(661)</b>	<b>(20)</b>

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 11. Taxation *continued*

#### (b) *Reconciliation of the total tax charge*

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for the year of 19% (2018: 19%) The differences are reconciled below:

	2019	2018
	£'000	£'000
Accounting profit before income tax	37,568	12,628
Tax charge on profit at average rate of 19% (2018: 19%)	7,138	2,399
Effects of:		
Expenses not deductible for tax purposes	158	3,454
Non-taxable income	(210)	(135)
Tax under/(over) provided in previous years	(591)	97
Tax losses claimed by other group companies	(2,951)	(3,411)
Effect of higher taxes on overseas earnings	(209)	(21)
Changes in tax laws and rate	(71)	(67)
Discontinued operations	1,151	1,143
Total tax expense reported in the income statement	<b>4,415</b>	<b>3,459</b>

The presentation of the comparatives have been restated to separately disclose the impact of the discontinued operations in the income statement and related notes 3 to 11.

#### (c) *Change in Corporation Tax rate*

The Company's profits for this accounting period are taxed at the UK Corporation tax rate of 19% (2018: 19% effective rate)

#### *Deferred tax*

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

	2019	2018
	£'000	£'000
<b><i>Deferred tax liability</i></b>		
Accelerated capital allowances	(2,727)	(2,241)
Temporary differences	24	-
	<b>(2,703)</b>	<b>(2,241)</b>
<b><i>Deferred tax asset</i></b>		
Pensions and post-employment medical benefits	1,077	968
	<b>1,077</b>	<b>968</b>
<b><i>Disclosed on the statement of financial position</i></b>		
Deferred tax asset	1,077	968
Deferred tax liability	(2,703)	(2,241)
	<b>1,626</b>	<b>(1,273)</b>

	2019	2018
	£'000	£'000
<b><i>Deferred tax in the income statement</i></b>		
Accelerated capital allowances	486	592
Temporary differences	(24)	-
Pension plans and other post-employment medical benefits	-	(26)
Deferred tax expense	<b>462</b>	<b>566</b>

## The Binding Site Group Limited

### Notes to the financial statements *continued*

#### 12. Property, plant and equipment

	Freehold land and buildings	Plant and machinery	Fixtures, fittings and computer equipment	Motor vehicles	Assets under course of construction	Total
<i>Cost</i>	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2018	6,112	13,162	3,959	527	1,689	25,449
Additions	14	3,147	405	193	1,620	5,379
Disposals	(148)	(2,670)	(673)	(156)	(7)	(3,654)
Transfers	-	582	973	-	(1,561)	(6)
Currency effects	-	(2)	(1)	-	-	(3)
Assets held for sale	(156)	(1,515)	(277)	-	-	(1,948)
<b>At 30 September 2019</b>	<b>5,822</b>	<b>12,704</b>	<b>4,386</b>	<b>564</b>	<b>1,741</b>	<b>25,217</b>
<i>Depreciation and impairment</i>						
At 1 October 2018	3,093	7,568	2,236	348	-	13,245
Charge for the period	328	1,456	601	107	-	2,492
On disposals	(103)	(1,317)	(545)	(153)	-	(2,118)
Currency effects	-	(1)	-	-	-	(1)
Assets held for sale	(30)	(695)	(166)	-	-	(891)
<b>At 30 September 2019</b>	<b>3,288</b>	<b>7,011</b>	<b>2,126</b>	<b>302</b>	<b>-</b>	<b>12,727</b>
<i>Carrying amount</i>						
<b>At 30 September 2019</b>	<b>2,534</b>	<b>5,693</b>	<b>2,260</b>	<b>262</b>	<b>1,741</b>	<b>12,490</b>
At 30 September 2018	3,019	5,594	1,723	179	1,689	12,204

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 13. Intangible assets

	Software	Customer lists	Development costs	Goodwill	Assets under course of construction	Total
	£'000	£'000	£'000	£'000		£'000
<b>Cost</b>						
At 1 October 2018	5,660	795	18,397	351	423	25,626
Additions	365	-	5,543	-	742	6,650
Disposals	(11)	-	(763)	-	-	(774)
Transfers	484	-	-	-	(478)	6
Exchange differences	-	-	-	-	-	-
Branch disposal	(892)	-	-	(351)	-	(1,243)
<b>At 30 September 2019</b>	<b>5,606</b>	<b>795</b>	<b>23,177</b>	<b>-</b>	<b>687</b>	<b>30,265</b>
<b>Depreciation and impairment</b>						
At 1 October 2018	2,227	795	6,742	-	-	9,764
Charge for the year	695	-	1,299	-	-	1,994
Impairment	(9)	-	-	-	-	(9)
Branch disposal	(582)	-	-	-	-	(582)
<b>At 30 September 2019</b>	<b>2,331</b>	<b>795</b>	<b>8,041</b>	<b>-</b>	<b>-</b>	<b>11,167</b>
<b>Carrying amount</b>						
<b>At 30 September 2019</b>	<b>3,275</b>	<b>-</b>	<b>15,136</b>	<b>-</b>	<b>687</b>	<b>19,098</b>
At 30 September 2018	3,433	-	11,655	351	423	15,862

### 14. Investments

	Total
	£'000
<b>Cost and net book value</b>	
At 1 October 2018	13,978
Additions	1,568
Reductions in investment	(85)
<b>At 30 September 2019</b>	<b>15,461</b>

The reduction during the year relates to a decrease in investment in The Binding Site VT Inc. Additions relate to The Binding Site Brazil, Diamédica Importação e Exportação de Produtos Para Laboratório Ltda, and the incorporation of The Binding Site Portugal, Specialist Protein Company, Unipessoal, Ltd, The Binding Site Spain (Specialist Protein Company), S.L., The Binding Site Limited (New Zealand) and Binding Site Group (Shanghai) Trade Co., Ltd.

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 14. Investments – non current *continued*

#### *Details of group undertakings*

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital at 30 September 2019 and 2018 are as follows:

	Country of incorporation	Holding	Proportion of voting rights held	Nature of business
The Binding Site Inc.	USA	Ordinary shares	100% (Indirect)	Supply of medical and biological products
The Binding Site GmbH	Germany	Ordinary shares	100% (Indirect)	Supply of medical and biological products
The Binding Site VT Inc.	USA	Ordinary shares	100% (Direct)	Supply of antisera to the parent company
TBS Howard Hill L.L.C.	USA	Ordinary shares	100% (Indirect)	Supply of antisera to the parent company
The Binding Site S.R.O.	Czech Republic	Ordinary shares	90% (Direct)	Supply of medical and biological products
The Binding Site BVBA	Belgium	Ordinary shares	100% (Direct)	Supply of medical and biological products
The Binding Site S.R.L.	Italy	Ordinary shares	100% (Direct)	Supply of medical and biological products
The Binding Site Holding GmbH	Germany	Ordinary Shares	100% (Direct)	Holding company
The Binding Site Holding Inc.	USA	Ordinary Shares	100% (Direct)	Holding company
TBS Brazil Ltda.	Brazil	Ordinary Shares	99% (Direct)	Supply of medical and biological products
The Binding Site Pte Ltd	Singapore	Ordinary shares	100% (Direct)	Supply of medical and biological products
Diamédica Importação e Exportação de Produtos Para Laboratório Ltda	Brazil	Ordinary shares	100% (Direct)	Supply of medical and biological products
The Binding Site Pty Limited	Australia	Ordinary Shares	100% (Direct)	Supply of medical and biological products

Details of the new investments in which the Company holds 100% or more of the nominal value of any class of share capital at 30 September 2019 are as follows:

Binding Site Group (Shanghai) Trading Co., Ltd	China	Ordinary Shares	100% (Direct)	Supply of medical and biological products
The Binding Site Limited	New Zealand	Ordinary Shares	100% (Direct)	Supply of medical and biological products
The Binding Site Portugal, Specialist Protein Company, Unipessoal, Ltd	Portugal	Ordinary Shares	100% (Direct)	Supply of medical and biological products
The Binding Site Spain (Specialist Protein Company), S.L.	Spain	Ordinary Shares	100% (Direct)	Supply of medical and biological products
The Binding Site France SASU	France	Ordinary Shares	100% (Direct)	Supply of medical and biological products

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 15. Inventories

	2019	2018
	£'000	£'000
Raw materials	3,016	2,441
Work in progress	17,551	14,318
Finished goods	5,347	5,254
	<b>25,914</b>	<b>22,013</b>

### 16. Trade and other receivables

	2019	2018
	£'000	£'000
Trade receivables	3,804	7,301
Amounts owed by group undertakings	59,266	36,377
VAT receivable	159	56
	<b>63,229</b>	<b>43,734</b>

### 17. Other current financial assets

	2019	2018
	£'000	£'000
Directors loans	290	-
Other receivables	804	565
	<b>1,094</b>	<b>565</b>

### 18. Trade and other payables

	2019	2018
	£'000	£'000
Trade payables	4,370	1,777
Amounts due to group undertakings	2,729	519
Other tax and social security	1,005	787
Other liabilities	119	-
	<b>8,223</b>	<b>3,083</b>

Trade creditors are non-interest bearing and are normally settled on 30-day terms.

### 19. Obligations under leases and hire purchase contracts

#### *Operating lease agreements where the Company is lessee*

The Company has entered into commercial leases on commercial property. These leases have an average life of between one and seven years with a renewal option included in the contracts in the majority of cases. The Company's French, Spanish and Portuguese branches had entered into commercial leases on certain motor vehicles. These leases had an average life of between four and five years but have since been disposed of as discontinued operations. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2019		2018	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Leases expiring within one year	3,001	-	2,662	222
After one year but not more than five years	663	-	1,217	222
After five years	172	-	1,017	-
	<b>3,836</b>	<b>-</b>	<b>4,896</b>	<b>444</b>

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 20. Exceptional items

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Intercompany loan waivers	-	(17,315)
	-	<b>(17,315)</b>

2018: On 26 September 2018, The Binding Site Group Limited waived its intercompany balance with Cidron (TBS) I Limited (£2,135,813), Cidron (TBS) II Limited (£13,153,157) and Cidron (TBS) NewBidco Limited (£2,026,014) by issuing board minutes approving the issue of a unilateral promissory note, acknowledging waiver and termination of the balance.

### 21. Authorised, issues and called up share capital

<i>Authorised</i>	<b>2019</b>		<b>2018</b>	
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
Ordinary shares of £0.01 each	105,000	1,050	105,000	1,050

<i>Allotted, called up and fully paid</i>	<b>2019</b>		<b>2018</b>	
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
Ordinary shares of £0.01 each	95,024	950	95,024	950

### 22. Dividends

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Interim dividend for 2018: 35,790p	-	34,009
	-	<b>34,009</b>

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 23. Pensions and other post-employment benefits

The Company operates a closed pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested with insurance companies. The expected average duration of the scheme is 25 years (2018: 25 years). The scheme is operated by The Binding Site Group Limited.

The scheme is managed by a professional trustee. The trustees have responsibility for obtaining valuations of the scheme, administering benefit payments and investing the scheme's assets.

The following table summarises the principal risks associated with the Company's defined benefit arrangements:

Investment Risk	To the extent that the return on plan assets is lower than the discount rate, the pension surplus may reduce and the deficit may increase.
Interest Rate Risk	A fall in bond yields would increase the value of the liabilities. This would be only partially offset by an increase in the value of bond investments held.
Inflation Risk	An increase in inflation would increase the value of pension liabilities.
Longevity Risk	The present value of the defined benefit liabilities is calculated having regards to a best estimate of the mortality of plan members. If members are expected to live longer, this will increase the liabilities.

The assets and liabilities of the schemes at 30 September are:

	2019	2018
	£'000	£'000
<i>Scheme assets at fair value</i>		
Diversified growth funds	15,680	11,930
Fair value of scheme assets	15,680	11,930
Present value of scheme liabilities	(22,217)	(17,623)
<b>Defined benefit pension plan liability</b>	<b>(6,537)</b>	<b>(5,693)</b>

The pension schemes have not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

	2019	2018
	£'000	£'000
<b>Recognised in income statement</b>		
Charge included in administrative expenses:		
Past service cost	(200)	-
Charge included in finance costs:		
Interest cost on benefit obligation	(510)	(494)
Expected return on plan assets	410	342
	(100)	(152)
<b>Net interest on defined benefit liability</b>	<b>(300)</b>	<b>(152)</b>
<b>Taken to statement of other comprehensive income</b>		
Return/(losses) on plan assets (excluding amounts included in interest expense)	409	(588)
Experience losses on liabilities	(4,005)	(103)
Actuarial changes arising from changes in financial assumptions	52	573
Recognised in statement of other comprehensive income	<b>(3,544)</b>	<b>(118)</b>

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### 23. Pensions and other post-employment benefits *continued*

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	<b>Total</b>
	<b>£'000</b>
As at 1 October 2018	17,623
Interest on benefit obligation	510
Past service cost	200
Benefits paid	(69)
Actuarial loss	3,953
<b>Defined benefit obligation at 30 September 2019</b>	<b>22,217</b>

Changes in the fair value of plan assets are analysed as follows:

	<b>Total</b>
	<b>£'000</b>
As at 1 October 2018	11,930
Expected return on assets	410
Benefits paid	(69)
Employer contributions	3,000
Actuarial gain	409
<b>Defined benefit assets at 30 September 2019</b>	<b>15,680</b>

The Company does not expect to contribute to its defined benefit pension plan in 2020.

The principal assumptions used in determining pension benefit obligations for the Company's plans are shown below:

<i>Main assumptions:</i>	<b>2019</b>	<b>2018</b>
Discount rate	1.90%	2.90%
Salary increases	3.15%	3.30%
Inflation	3.15%	3.30%
LPI pension increases	3.05%	3.20%
Mortality pre-retirement	S2NA tables based on year of birth with CMI projections and long term improvement of 1.5% pa	S2NA tables based on year of birth with CMI projections and long term improvement of 1.5% pa
Mortality post retirement	S2NA tables based on year of birth with CMI projections and long term improvement of 1.5% pa	S2NA tables based on year of birth with CMI projections and long term improvement of 1.5% pa
Tax free cash	100% of members assumed to commute 25% of their pension for cash on retirement	100% of members assumed to commute 25% of their pension for cash on retirement
Assumed retirement age	65	65

Notes to the financial statements *continued*

**23. Pensions and other post-employment benefits *continued***

The following illustrates the sensitivity of the value of the liabilities to changes in key assumptions:

Adjustment to assumptions	Approximate effect on liabilities	£'000
<b>Discount rate</b>		
Plus 0.25%		(1,246)
Minus 0.25%		1,347
<b>Inflation assumption</b>		
Plus 0.25%		1,079
Minus 0.25%		(904)
<b>Mortality</b>		
90% of base table		432
110% of base table		(378)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method as the end of the reporting period) has been applied as when calculating the pension liability recognised with the consolidated statement of financial position. The methods and assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

**24. Directors' loans and other directors' interests**

2019: Any loans granted to directors are included in financial assets on the face of the statement of financial position. The Company issued loans to two directors in September 2019 each for £145,000. The balances outstanding at 30 September 2019 were £145,000 and £145,302 with repayments of £302 and £nil paid in September 2019 respectively. Both loans were unsecured at an interest rate of 2.5% with interest charged of £302 for each loan in the year.

2018: The Company had a loan in place with a director which was repaid in full in April 2018. The loan was unsecured at an interest rate of 4%. Interest charged in 2018 amounted to £3,256.

The maximum outstanding balance on Directors loans during the year was £290,302 (2018: £137,109).

**25. Other related party transactions**

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in Note 6. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

***Terms and conditions of transactions with related parties***

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 September 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2018: £nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

# The Binding Site Group Limited

## Notes to the financial statements *continued*

### **26. Ultimate group undertaking**

The controlling interest in the Company (by virtue of the controlling interest in the parent company) is Nordic Capital CV1. The immediate parent undertaking of the Company is The Binding Site Corporation Limited.

Cidron (TBS) NewHoldco Limited is the highest parent company to produce consolidated accounts in the group. Copies of the group consolidated financial statements of Cidron (TBS) NewHoldco Limited, are available from the Chief Financial Officer, Cidron (TBS) NewHoldco Limited, 8 Calthorpe Road, Edgbaston, Birmingham, B15 1QT or Companies House.