

Registration number: 02991879

LGC Limited

Annual report and accounts

31 March 2023

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# LGC Limited

## **Directors**

Euan O'Sullivan  
Julian Braybrook  
Vivid Sehgal

## **Secretary**

Lucy Richards

## **Independent Auditor**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **Registered Office**

LGC  
Queens Road  
Teddington  
Middlesex  
TW11 0LY

# LGC Limited

## Strategic report

The Directors present their Strategic report for the year ended 31 March 2023.

### Principal activity

LGC Limited ("the Company") provides a number of analytical, measurement and life science related products and services to clients worldwide. The Company is a member of a wider international life sciences group, with the main holding company of that wider group being LGC Science Group Holdings Limited ("the Group" or "LGC"), a company incorporated in England.

LGC is a leading global life science tools company providing mission critical products and solutions for our clinical diagnostics, pharmaceutical and food, beverage and environmental customers. Our 181 years of scientific heritage, combined with a track record of innovation and value-enhancing acquisitions, has enabled us to build our product portfolio and expertise, and closely collaborate with our customers, industry partners and the global scientific community. We are committed to our purpose - Science for a Safer World.

A full review of the LGC business including future developments is disclosed in the financial statements of LGC Science Group Holdings Limited, a parent company of the Company, which are available to the public and may be obtained from LGC, Queens Road, Teddington, Middlesex, TW11 0LY.

### Strategic priorities

This section serves as the s172 statement in compliance with the Companies Act 2006. As noted above, the Company is a member of a wider international life sciences group, with the main holding company of that wider group being LGC Science Group Holdings Limited ("the Group" or "LGC").

**Our people** make our purpose - Science for a Safer World – possible. We continue to strive to attract, retain and grow the brightest and best talent to build an innovative and collaborative community of experts. We encourage our people managers to lead by example, equipping them to coach and communicate effectively, sharing our values, business goals, challenges and successes that help us connect, learn and improve. We have built a network of complementary channels to support them including Town Halls, global and local intranet sites, leadership blogs, discussion boards, cross-business councils, consultative committees, communities of practice and employee resource groups. To strengthen our speak-up culture, and empower our colleagues, we run quarterly Employee Net Promoter Score (eNPS) pulse surveys and an Annual Employee Engagement Survey, in which we capture anonymous feedback on our colleagues' experience with LGC.

**Our approach to ESG:** Over the past 12 months, we have continued to deliver on the ESG initiatives that contribute to our continued commercial success, strengthen our stakeholder relationships, fulfil our role in wider society and drive shareholder value. Our latest ESG Report is available on our website.

**Our customers:** We work in partnership with our customers to deliver high quality products and services. Our innovative science is driven by close collaboration with our customers and understanding their needs.

**Our suppliers:** We seek to build relationships with suppliers who share our values. We expect our suppliers to act with integrity and respect in all business interactions and to continually improve business standards. We consider supplier risk and environmental impact as we source products and services from suppliers around the globe. We seek to ensure quality, assurance of supply, legal compliance and innovation.

**Our growth strategy:** Our six strategic growth pillars are at the heart of our long-term plans. We seek to serve segments which have attractive, long-term growth characteristics and continue to make targeted investments across high-growth application areas. Further details are set out on page 4. Our institutional shareholders have representation at the Board level and are regularly updated on LGC's strategy and financial performance.

**Our values:** Integrity is embedded in LGC, and the Board is committed to high standards of corporate governance and ethical behaviour in directing LGC's affairs.

# LGC Limited

## Strategic report (continued)

### Ownership

The Company's immediate parent company is LGC (Holdings) Limited. The smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is LGC Science Group Holdings Limited, which are available to the public and may be obtained from LGC, Queens Road, Teddington, Middlesex, TW11 0LY. The largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is LGC Science Corporation S.à r.l., which are available to the public and may be obtained from LGC, Queens Road, Teddington, Middlesex, TW11 0LY.

LGC Science Corporation S.à r.l. was established through investment funds managed by Astorg Asset Management S.à r.l., an independent private equity group ("Astorg"), and investment funds managed by Cinven (the "Seventh Cinven Fund"). Subsequently, each of Astorg and the Seventh Cinven Fund sold part of their interests in LGC Science Corporation S.à r.l. to Luxinva S.A., a wholly owned subsidiary of the Abu Dhabi Investment Authority ("ADIA").

Astorg VII (GP) S.à r.l. is the General Partner of Astorg VII SLP and Astorg VII Co-Invest LGC SLP (the "Partnerships"). Astorg Asset Management S.à r.l. is the alternative investment fund manager and manager of the Partnerships. The Partnerships through their interest in Loire TF S.à r.l., are the ultimate shareholders of 38.8% of LGC Science Corporation S.à r.l.

Cinven Capital Management (VII) General Partner Limited is the Managing General Partner of Cinven Capital Management (VII) Limited Partnership Incorporated, who in turn is the Managing General Partner of the Seventh Cinven Fund. The Seventh Cinven Fund through its interest in Cinloire Luxembourg S.à r.l. is the ultimate shareholder of 38.8% of LGC Science Corporation S.à r.l.

Silver Holdings S.A., a direct subsidiary of the Abu Dhabi Investment Authority (an independent public investment institution owned by the Emirate of Abu Dhabi), is the sole shareholder of Luxinva S.A. Luxinva S.A. owns 19.4% of LGC Science Corporation S.à r.l.

### Review of the business performance and future developments

#### Review of business performance

The income statement set out on page 12 shows the profit after taxation for the financial year of £21,318,000 (2022: loss of £23,544,000).

The Company's key performance indicators for the year were as follows:

£million	2023	2022
Turnover	142.5	156.4
Adjusted EBITDA*	14.1	5.2
Operating loss	(7.3)	(22.0)
Average number of employees	1,008	1,166

\* Adjusted EBITDA is defined as operating profit/loss before depreciation, amortisation, material, unusual and non-recurring items and unrealised foreign exchange gains and losses.

# LGC Limited

## Strategic report (continued)

### *Review of business performance (continued)*

Reconciliations of Adjusted EBITDA to operating loss are as follows:

<b>£million</b>	<b>2023</b>	<b>2022</b>
Adjusted EBITDA	14.1	5.2
Depreciation and amortisation	(15.4)	(15.1)
Material, unusual and non-recurring items	(5.6)	(12.4)
Unrealised foreign exchange net (losses)/gains	(0.4)	0.3
Operating loss	<u>(7.3)</u>	<u>(22.0)</u>

Adjusted EBITDA is one of the Company's key internal performance metrics which is monitored by both management and other stakeholders as a measure of recurring, underlying profit performance. Adjusted EBITDA is operating profit/loss before depreciation, amortisation, material, unusual and non-recurring items and unrealised foreign exchange gains or losses. Adjusted EBITDA is not specifically defined under, nor presented in accordance with FRS 101, and should not therefore be considered as an alternative to profit/loss for the period as determined in accordance with FRS 101.

In deriving Adjusted EBITDA, operating profit/loss is adjusted for a number of material, unusual and non-recurring items to permit a better understanding by management and other stakeholders of the Company's recurring profit performance. Typically these material, unusual and non-recurring items include: transaction-related costs, which include transaction costs in relation to business acquisitions, business disposals, transactions and financing activities, and integration costs, share-based payments expense and restructuring costs.

In the year to 31 March 2023, the Company continued to invest in existing businesses, new technology and in new opportunities. Overall capital expenditure for the year was £14.3 million (2022: £11.7 million), reflecting continued investment in scientific equipment, facilities and IT across the Company.

### ***Future developments***

The Directors anticipate that the business will continue to progress in fields similar to those that the Company has worked in previously. A key element of this progress will be continued investment in research and development as the Company continues to innovate, both continuing to refine existing programmes, products and services and developing new offerings. In addition, partnering with fellow LGC Group companies will further support this progress.

Our relationship with the UK Government continues to be a cornerstone of LGC and the Company will continue to invest in our people and infrastructure to live up to the responsibilities entrusted to us.

The Directors believe the Company is well positioned to address long-term sustainable growth drivers arising in its markets. These include the increasingly complex manufacturing and supply chain environments for developed and emerging markets (and their adaption to meet net zero targets), the growing 'one health' agenda across multiple sectors role in both developed and emerging economies, the increasing regulatory frameworks in a wide range of technically demanding industries (including pharmaceutical, food, environment, clinical diagnostic and therapeutic, and industrial), the increased use of molecular diagnostics and therapeutics in a clinical setting, and the need to improve crop yields to meet increasing demand.

# LGC Limited

## Strategic report (continued)

### Principal risks and uncertainties

The review of other principal risks and uncertainties contains certain forward-looking statements. These statements have been made by the Directors in good faith based on the information available to them at the time of their approval of this report. They should be treated with caution due to the inherent uncertainties arising because they relate to circumstances that may or may not occur in the future. The principal risks facing the Company are grouped broadly into competitive and financial instrument risks.

#### Competitive risk

The Company is reliant on a number of contracts, some with UK Government bodies that are subject to periodic competitive tender. Renewal of these contracts is uncertain and is based on financial and performance criteria, in some cases allied to the continuance or otherwise of testing or research programmes. Overall, customer concentration is low with the largest customer accounting for less than 10% of revenues.

Competitive risk is further managed through a highly structured approach to quality, underpinning the wide range of ISO 17025, ISO Guide 43, ISO 17034, GMP, GLP and other accreditations. Any quality incidents are subject to a robust reporting and investigation process, with corrective and preventative actions taken.

#### Financial instruments

##### *Financial risk management*

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate cash flow risk and foreign exchange risk. LGC Science Group Holdings Limited, a parent company of the Company, has in place a group-wide risk management programme that seeks to limit the adverse effects on the financial performance of the Group. Interest rates are partially hedged using interest rate caps and the Group is seeking to mitigate the impact of high inflation by controlling costs wherever possible. Details are set out in the financial statements of LGC Science Group Holdings Limited (note 26).

##### *Credit risk*

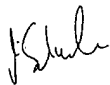
Ongoing credit evaluation is performed on the financial condition of debtors and, where appropriate, credit protection methods are employed. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made and individual customer credit limits are applied to manage exposure to any individual customer. The Company's principal financial assets are bank balances, cash and debtors.

##### *Liquidity risk*

Liquidity is managed by LGC Science Group Holdings Limited, a parent company of the Company. The wider Group actively maintains a mixture of long-term and short-term debt finance and cash deposits that are designed to ensure that the Company has sufficient available funds for operations, expansion and planned acquisitions.

##### *Foreign exchange risk*

The Company is exposed to cash flow risk as a result of assets and liabilities denominated in foreign currency. This risk is partially mitigated by internally generated cash flows in a similar mix of currencies. Net risk of exposure to operations in foreign currencies is managed by the purchase of forward foreign exchange contracts.



**Vivid Sehgal**

Director

29 September 2023

# LGC Limited

## Directors' report

The Directors present their report and financial statements for the year ended 31 March 2023.

### Directors

The Directors who served the Company during the year were as follows:

Julian Braybrook  
Euan O'Sullivan  
Vivid Sehgal

Key person and Directors and Officers insurance is maintained for all Directors.

### Dividends

The Directors do not recommend an interim dividend or final dividend (2022: £nil).

### Employee involvement and disabled employees

The Company is committed to creating an employment environment that attracts, retains and motivates the best employees. Throughout the Company, emphasis is placed on personal development to meet both today's needs and those of the future. Employee communication and consultation is encouraged at all levels of the business and there is a Consultative Committee at the Teddington site. In addition, the provision of information and consultation between management and staff is facilitated through structured quarterly communication, the 'myLGC' intranet and various consultative committees existing across the Company.

It is the Company's policy to provide equal opportunities for all staff and applicants on the basis of objective criteria and personal abilities regardless of gender, age, religion, sexual orientation and ethnic origin. This policy is designed to ensure that recruitment and advancement are carried out on the basis of merit.

The Company also gives full and fair consideration to disabled persons applying for employment, having regard to their particular aptitudes and abilities, as well as the continuing employment and appropriate training of employees who become disabled.

### Going concern

The Directors of the Company have completed an extensive review of the principal activities, risks, future liquidity and financial requirements to determine whether the business will be able to meet its obligations as they become due for the period to 31 March 2025.

The Directors have obtained a letter of support from its parent undertaking LGC Science Group Holdings Limited which confirms *their ability and commitment to provide financial support to enable the company to meet its obligations as they fall due for the period to 31 March 2025.*

LGC Science Group Holdings Limited is the head of the banking group for the LGC Group of companies that includes all trading entities of the group. Based on the latest projections for the LGC Group covering the period up to 31 March 2026:

- the Group has sufficient available financing to meet its needs for the foreseeable future
- the Group has access to a Revolving Credit Facility (RCF) of £265 million, of which £265 million was undrawn at the reporting date, and is forecasting to partially use the RCF over the plan period; and
- as a consequence of the partial utilisation of the RCF, there are no covenant tests which are anticipated to apply.

LGC Science Group Holdings Limited therefore has the ability to provide sufficient financial support to cover the liabilities of LGC Limited as they fall due.

On this basis, the Directors have concluded that there is a reasonable expectation that the company will be able to continue in operational existence for the period to 31 March 2025 and, accordingly, have prepared the Financial Statements on a going concern basis.

# LGC Limited

## Directors' report (continued)

### Research and development activities

In the year ended 31 March 2023 further research and development was undertaken by the Company, both through customer funded programmes and in support of the Company's own projects. The Company continued its track record of developing new products and services during the year.

### Future developments

Details of future developments are provided in the Strategic report on page 4.

### Financial instruments

Details of financial instruments are provided in the Strategic report on page 5.

### Streamlined energy and carbon reporting

A statement covering the year ended 31 March 2023 is included within the consolidated financial statements of LGC Science Group Holdings Limited, and which include the data in relation to the Company. This statement has been prepared in line with the requirements of the Streamlined Energy and Carbon Reporting regulations and the relevant areas of the Greenhouse Gas ('GHG') Protocol Corporate Accounting and Reporting Standard.

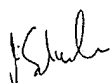
### Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Reappointment of auditors

In accordance with the Company's shareholder resolution dated 27 June 2023, Ernst & Young LLP was removed as auditor of the Company (following conclusion of the 2023 fiscal year audit) and KPMG LLP was appointed as auditor of the Company, to hold office until the end of the next period for appointing auditors under section 485(2) of the Companies Act 2006.

By order of the Board



**Vivid Sehgal**

Director

29 September 2023

# LGC Limited

## Directors' responsibilities statement

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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

# LGC Limited

## Independent auditor's report

to the members of LGC Limited

### Opinion

We have audited the financial statements of LGC Limited for the year ended 31 March 2023 which comprise the Income Statement, the Statement of comprehensive income, the Balance Sheet, the 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 31 March 2023 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period through to 31 March 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### 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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

# LGC Limited

Independent auditor's report (continued)

## **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 directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework", the Companies Act 2006), and the relevant tax compliance regulations. In addition, the company must comply with laws and regulations relating to its operations, including the UK Bribery Act, Employment regulations and GDPR.
- We understood how LGC Limited is complying with those frameworks by corroborating our enquiries through our review of board minutes and papers provided to those charged with governance at the company's ultimate parent company as well as consideration of the results of our audit procedures over the company's financial statements.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by obtaining an understanding through discussions with management of fraud risk areas. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk which were designed to provide reasonable assurance that the financial statements were free from material misstatement, whether due to fraud or error. We tested specific transactions back to source documentation or independent confirmations as appropriate.

# LGC Limited

Independent auditor's report (continued)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual non-standard journals and journals indicating large or unusual transactions identified by specific risk criteria based on our understanding of the business; enquiries of those responsible for legal and compliance of the company and management; and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and accounts with all applicable requirements.

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.

DocuSigned by:  
*Ernst & Young LLP*  
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**Oxana Dorrington (Senior statutory auditor)**  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
29 September 2023

# LGC Limited

## Income statement

for the year ended 31 March 2023

	Notes	2023 £000	2022 £000
<b>Turnover</b>	4	142,538	156,353
Cost of sales		(88,744)	(95,376)
<b>Gross profit</b>		<b>53,794</b>	<b>60,977</b>
Operating expenses		(61,117)	(83,023)
<b>Operating loss</b>	5	<b>(7,323)</b>	<b>(22,046)</b>
Interest receivable and similar income	7	3,933	4,605
Interest payable and similar charges	8	(13,367)	(10,816)
Profit on disposal of investments	24	39,880	-
<b>Profit/(loss) before tax</b>		<b>23,123</b>	<b>(28,257)</b>
Taxation	11	(1,805)	4,713
<b>Profit/(loss) for the year</b>		<b>21,318</b>	<b>(23,544)</b>

The notes on pages 16 to 39 form part of these financial statements.

# LGC Limited

## Statement of comprehensive income

For the year ended 31 March 2023

	2023	2022
Notes	£000	£000
<b>Profit/(loss) for the year</b>	<b>21,318</b>	<b>(23,544)</b>
<b>Other comprehensive (loss)/income</b>		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial net (losses)/gains on a defined benefit pension scheme	21 (10,115)	5,417
Tax on items that will not be reclassified subsequently to profit or loss	11 1,922	(1,029)
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(8,193)</b>	<b>4,388</b>
<b>Total comprehensive income/(loss) for the year, net of tax</b>	<b>13,125</b>	<b>(19,156)</b>

The notes on pages 16 to 39 form part of these financial statements.

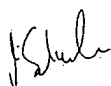
# LGC Limited

## Balance sheet

at 31 March 2023

	Notes	2023 £000	2022 £000
<b>Fixed assets</b>			
Goodwill	12	14,544	27,955
Intangible assets	13	9,128	6,750
Tangible assets	14	17,309	19,671
Right-of-use assets	15	19,555	21,568
Investments	16	5,870	5,870
Retirement benefit asset	21	-	8,898
		<u>66,406</u>	<u>90,712</u>
<b>Current assets</b>			
Inventories	17	28,384	12,035
Debtors	18	108,682	111,483
Cash at bank and in hand		36,277	2,216
		<u>173,343</u>	<u>125,734</u>
<b>Creditors: amounts falling due within one year</b>	19	(120,730)	(229,424)
<b>Net current assets/(liabilities)</b>		<u>52,613</u>	<u>(103,690)</u>
<b>Total assets less current liabilities</b>		<u>119,019</u>	<u>(12,978)</u>
<b>Creditors: amounts falling due after more than one year</b>			
Long-term liabilities	20	(17,120)	(19,079)
Retirement benefit obligations	21	(968)	-
<b>Net assets/(liabilities)</b>		<u>100,931</u>	<u>(32,057)</u>
<b>Capital and reserves</b>			
Share capital	22	11,542	11,542
Share premium	22	120,000	-
Capital reserve		20	20
Profit and loss account		(30,631)	(43,619)
<b>Shareholders' funds/(deficit)</b>		<u>100,931</u>	<u>(32,057)</u>

The notes on pages 16 to 39 form part of these financial statements.



**Vivid Sehgal**  
Director  
29 September 2023

# LGC Limited

## Statement of changes in equity

for the year ended 31 March 2023

	Share capital £000	Share premium £000	Capital reserve £000	Profit and loss account £000	Total £000
<b>At 1 April 2021</b>	11,542	-	20	(24,379)	(12,817)
Loss for the year	-	-	-	(23,544)	(23,544)
Other comprehensive income	-	-	-	4,388	4,388
Total comprehensive loss	-	-	-	(19,156)	(19,156)
Share based payments	-	-	-	(84)	(84)
<b>At 31 March 2022</b>	<b>11,542</b>	<b>-</b>	<b>20</b>	<b>(43,619)</b>	<b>(32,057)</b>
Profit for the year	-	-	-	21,318	21,318
Other comprehensive loss	-	-	-	(8,193)	(8,193)
Total comprehensive income	-	-	-	13,125	13,125
Share based payments	-	-	-	(137)	(137)
Shares issued during the year	-	120,000	-	-	120,000
<b>At 31 March 2023</b>	<b>11,542</b>	<b>120,000</b>	<b>20</b>	<b>(30,631)</b>	<b>100,931</b>

The notes on pages 16 to 39 form part of these financial statements.

# LGC Limited

## Notes to the financial statements

### 1. Corporate information

These financial statements were authorised for issue by the Board on 29 September 2023. The Company is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom. The address of its registered office is:

LGC  
Queens Road  
Teddington  
Middlesex  
TW11 0LY

LGC Limited ("the Company") provides a number of analytical, measurement and life science related products and services to clients worldwide. The Company is a member of a wider international life sciences group, with the main holding company of that wider group being LGC Science Group Holdings Limited ("the Group" or "LGC"), a company incorporated in England.

### 2. Significant accounting policies

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

#### Basis of preparation

The Company's financial statements,

- have been prepared under the historical cost convention and in accordance with FRS 101 Reduced Disclosure Framework and the Companies Act 2006;
- do not comply with all of the disclosure requirements of UK-adopted IFRS and therefore do not contain the unreserved statement of compliance set out in paragraph 16 of IAS 1 Presentation of Financial Statements;
- are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000), except where indicated otherwise;

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

- the requirements of IFRS 7 Financial Instruments Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurements;
- the requirements of paragraphs 45(b) and 45-52 of IFRS 2 Share-based Payment where the share-based payment arrangement concerns equity instruments of another group entity;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets as equivalent disclosures are included in the consolidated financial statements of LGC Science Group Holdings Limited;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The company has taken advantage of these exemptions on the basis that it meets the definition of a qualifying entity and its ultimate parent company, LGC Science Corporation S.à r.l., includes the necessary disclosures in its consolidated financial statements.

# LGC Limited

## Notes to the financial statements

### 2. Significant accounting policies (continued)

#### Exemption from preparing group accounts

The financial statements contain information about LGC Limited as an individual Company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of LGC Science Group Holdings Limited, a company incorporated in England and Wales (note 26).

#### Going concern

The Directors of the Company have completed an extensive review of the principal activities, risks, future liquidity and financial requirements to determine whether the business will be able to meet its obligations as they become due for the period to 31 March 2025.

The Directors have obtained a letter of support from its parent undertaking LGC Science Group Holdings Limited which confirms their ability and commitment to provide financial support to enable the company to meet its obligations as they fall due for the period to 31 March 2025.

LGC Science Group Holdings Limited is the head of the banking group for the LGC Group of companies that includes all trading entities of the group. Based on the latest projections for the LGC Group covering the period up to 31 March 2026:

- the Group has sufficient available financing to meet its needs for the foreseeable future
- the Group has access to a Revolving Credit Facility (RCF) of £265 million, of which £265 million was undrawn at the reporting date, and is forecasted to partially use the RCF over the plan period; and
- as a consequence of the partial utilisation of the RCF, there are no covenant tests which are anticipated to apply.

LGC Science Group Holdings Limited therefore has the ability to provide sufficient financial support to cover the liabilities of LGC Limited as they fall due.

On this basis, the Directors have concluded that there is a reasonable expectation that the company will be able to continue in operational existence for the period to 31 March 2025 and, accordingly, have prepared the Financial Statements on a going concern basis.

#### Revenue recognition

The Company is in the business of generating revenue through the sale of reference materials and analytical standards, clinical diagnostics, quality control materials, and product sales in relation to the majority of oligonucleotides, Polymerase Chain Reaction ("PCR") components and solutions, Next-Generation Sequencing ("NGS") components and solutions, and supply chain assurance. In addition, the Company also provides national laboratories and science services, drug development services, and services in relation to oligonucleotides, PCR components and solutions, NGS components and solutions, and supply chain assurance. Contracts are entered into with customers for the provision of these products and services. Due to the nature of these product sales and service contracts, the majority of the contracts entered into with customers have an expected duration of one year or less, however, in certain limited circumstances, contracts have an expected duration of less than five years. Contracts generally include payment terms of 30 to 90 days from the date of invoice.

Contracts entered into with customers for product sales typically do not include a right of return. In limited circumstances where contracts include a right of return, refunds are limited and typically made only for faulty goods.

Revenue is measured at the fair value of the consideration received or receivable net of discounts, rebates, value added tax and other sales taxes. Revenue is recognised when control of the products or services are transferred to the customer at an amount that reflects the consideration which is expected in exchange for those products or services.

The majority of contracts with customers contain a single performance obligation, whether from the sale of goods or providing services, but when a contract contains promises that are separate performance obligations, the transaction price is allocated to the performance obligations in proportion to their standalone selling price. Typically, stand-alone selling prices are directly observable.

# LGC Limited

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Revenue recognition (continued)

When the performance obligation is satisfied at a point in time, such as where the contract relates to goods or the provision of a report, revenue is recognised respectively when the customer takes control of the goods, typically upon delivery, or when the completed report is issued to the customer.

Where the performance obligation is satisfied over time, revenue is recognised either based on inputs, outputs or, where performance completed corresponds with the right to invoice, the practical expedient is applied. The input method used is dependent on the nature of the contract, and is either based on the labour hours expended, cost incurred, or time elapsed. The output method used is dependent on the nature of the contract, and is either based on contract milestones reached, time elapsed, and units produced or delivered. These respective methods are used to measure progress because there is a direct relationship between the labour hours expended, cost incurred, time elapsed, or contract milestones reached, or units produced or delivered, as applicable, and the transfer of the product or service to the customer.

If the consideration in a contract includes a variable amount, the amount of variable consideration is estimated, based on past experience and forecasts, at the amount entitled in exchange for transferring the products or services to the customer using the expected value method or the most likely amount. The variable consideration is constrained until it is highly probable that a significant reversal in the amount recognised will not occur.

The Company has not disclosed information about the aggregate amount of transaction price allocated to unsatisfied performance obligations because the contracts have original expected durations of one year or less, or revenue is recognised in the amount to which the Company has a right to invoice. There is no consideration not included in the transaction price.

#### Foreign currencies

Transactions in foreign currencies are recorded in the functional currency of the Company at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at rates of exchange ruling at the balance sheet date. Exchange differences are recognised in the statement of profit or loss.

#### Current and deferred income tax

Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised directly in other comprehensive income or equity.

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Current tax includes amounts provided in respect of uncertain tax positions where the Company expects that, upon examination of the uncertainty by a tax authority, it is more likely than not that an economic inflow or outflow will occur. Changes in facts and circumstances underlying these positions are reassessed at the date of each statement of financial position, and the uncertain tax positions are remeasured as required to reflect current information.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# LGC Limited

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes the original purchase price of the asset and attributable costs incurred in its acquisition and installation, less any government grants given in respect of the asset. The gain or loss on disposal of an asset is determined by comparing the sales proceeds with the carrying amount and is recognised in the statement of profit or loss.

Depreciation is charged to write off the cost, less residual value, of each asset over its expected useful life using the straight-line method, over the following periods

Leasehold improvements	up to 20 years
Building plant	5-12 years
Scientific equipment	3-15 years
Other equipment	2-5 years

Residual values and useful lives are reviewed on an ongoing basis and adjusted, if appropriate, at each financial year end. Freehold land, and assets under construction are not depreciated.

Enhancements and replacements are capitalised as additions to property, plant and equipment only when it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably. Ongoing regular maintenance costs related to property, plant and equipment are recognised as incurred.

#### Goodwill

Goodwill arises on business combinations and is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Goodwill is tested annually at 31 March for impairment (or more frequently if events or changes in circumstances indicate a potential impairment). For the purposes of impairment testing, goodwill is allocated to the cash generating units (CGUs) that are expected to benefit from the business combination.

#### Intangible assets

Intangible assets mainly comprise capitalised IT costs and technologies.

Internally developed technologies are capitalised if and only if the Company can demonstrate that:

- the project is technically feasible;
- the future economic benefits exceed the costs; and
- there is an intention to complete the project, there are resources available to do so, and there is an intention to use or sell the asset.

All intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to write off the cost of each asset over its expected useful life using the straight-line method, over the following periods:

Capitalised IT costs	3-5 years
Technologies	5-10 years

#### Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment at each reporting date or when events or changes in circumstances indicate the carrying value may not be recoverable. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises raw materials, direct labour and attributable overheads, including depreciation of property, plant and equipment where appropriate. Cost is generally determined using the first-in, first-out method. Provision is made for slow-moving and obsolete inventories where appropriate.

# LGC Limited

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Leases – Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the commencement of a lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for remeasurement of lease liabilities resulting from a change in future lease payments arising from a change in an index or a rate, or a change in the assessment of whether the purchase, extension or termination options will be exercised. Depreciation is charged to write off the cost of each asset evenly over the shorter of the lease term and the assets expected useful life. The initial measurement of the lease liability is the present value of minimum lease payments over the lease term with the incremental borrowing rate used where the implicit rate in the lease is not available. Administrative fees and costs of services such as maintenance are recognised in the income statement

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and which do not contain a purchase option. The Company also applies the low-value asset recognition exemption to leases of assets with a value below £5,000. Lease payments on short-term leases and low-value asset leases are recognised as expense on a straight-line basis over the lease term.

After the commencement date, lease liabilities increase reflecting interest on the lease liability and reduce as lease payments are made.

#### Investments

Investments are stated at their cost less impairment losses. Investments are reviewed for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

#### Financial assets

Financial assets include cash and cash equivalents, trade and other receivables, and derivative financial instruments.

#### Debtors

Trade and other receivables are recorded at cost and held to collect contractual cash flows. Trade and other receivables are carried at original invoice amount, less allowances for bad debts. They are measured at amortised cost.

The allowance for bad debts is based on the Company's expected credit losses. The Company applies the IFRS 9 'Financial Instruments' simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade and other receivables. To measure expected credit losses, trade and other receivables have been reviewed based on past-due aging profile and historical collection experience adjusted for forward looking factors such as macroeconomic and sector specific conditions. Allowances are also made at customer level based on past trading experience with that customer, its financial strength and any historical defaults.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, which are measured at amortised cost, and other short-term highly liquid investments with maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, which are measured at fair value through profit or loss.

#### Financial liabilities

Financial liabilities include trade and other payables, loans and borrowings, lease liabilities and derivative financial instruments.

#### Trade and other payables

Trade and other payables are recorded at cost which equates to their fair value.

#### Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium and transaction costs with the difference to initial recognised in the income statement.

# LGC Limited

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Derivative financial instruments

The Company uses derivative financial instruments, such as interest rate swaps, interest rate caps and forward contracts to hedge its interest rate risks and foreign exchange risks.

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value at each balance sheet date. For derivatives not designated as a hedging instrument, the change in fair value is recognised as a gain or loss, as appropriate, in the income statement.

#### Employee benefits

The Company participates in various Group post-employment schemes, including both defined benefit and defined contribution pension plans.

#### Defined benefit pension scheme

The Company participates in a defined benefit pension plan which requires contributions to be made to separately administered funds. This was closed to new members during 2002 and closed to future accrual of benefits from 1 April 2014. The cost of providing benefits under the scheme is determined using the projected unit method. The scheme's obligation is determined by discounting estimated future cash flows using interest rates of high-quality corporate bonds, which management consider to be those with a least an 'AA' rating or above, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. The scheme's assets are recorded at fair value at the balance sheet date. Actuarial gains and losses and changes in actuarial assumptions are recognised in other comprehensive income in the year to which they relate.

A surplus is only recognised at the balance sheet date where the Company has an unconditional right to any surplus when all members have left the scheme or the full scheme liabilities have been settled.

#### Defined contribution schemes

Contributions to defined contribution schemes are recognised as expenses when they are due. The Company has no further payment obligations once the contributions have been paid.

#### Share based payments

The Company participates in two Group share-based payment plans under which eligible employees receive remuneration for services in the form of share-based payments. Under one of the plans eligible employees subscribe for shares (equity-settled transactions) and under the other employees are granted share appreciation rights, which are settled in cash (cash-settled transactions).

#### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the subscription date using an appropriate valuation model. The cost is recognised as operating profit, together with a corresponding increase in equity over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimates of the number of equity instruments that will ultimately vest. Service and non-market performance conditions are not taken into account when determining the subscription date fair value, but the likelihood of the conditions being met is assessed as part of the Company's best estimates of the number of equity instruments that will ultimately vest. There are no market performance conditions. No expense is recognised for shares that do not ultimately vest because non-market performance and/or service conditions have not been met.

#### Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised within operating profit. The fair value is recognised over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using an appropriate valuation model. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

# LGC Limited

## Notes to the financial statements (continued)

### 3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the end of the reporting period and the amounts reported for revenues and expenses during the year. The key sources of judgment and estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in future periods are discussed below.

#### Judgements

In the process of applying accounting policies of the Company, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Judgement is applied in evaluating whether it is reasonably certain whether or not these options will be exercised, having considered all relevant facts and circumstances which create an economic incentive to exercise.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Deferred tax assets

The Company has accumulated significant unutilised tax losses. A deferred tax asset in respect of these losses can only be recognised when it is probable that future taxable profits and gains will arise to utilise the losses, and judgement is required in making those assessments. Future taxable profits and gains are based on the Company's latest forecasts, and any changes in these could have a significant impact on the Company's profit or loss for the year. Further details regarding taxes are provided in note 11.

#### Retirement benefits – defined benefit pension schemes

The cost of defined benefit pension schemes and the present value of the pension obligation are determined using actuarial valuations. 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. Significant difference in actual experience or significant changes in key assumptions could affect the retirement benefit asset/obligations and the net interest expense.

In determining the discount rate, management considers the interest rates of corporate bonds with at least an 'AA' rating or above and having terms to maturity approximating to the terms of the related pension obligation to be appropriate. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details regarding pension obligations are provided in note 21.

# LGC Limited

## Notes to the financial statements (continued)

### 3. Significant accounting judgements, estimates and assumptions (continued)

#### Estimates and assumptions (continued)

##### Leases

Estimation is required in assessing the interest rate at which the lease liability is discounted, in particular where the incremental borrowing rate is used. A treasury approach is taken to calculate the incremental borrowing rate. The present value of the lease payment is determined using the discount rate representing the risk free rate applicable for the currency of the lease contract and for similar term, adjusted by the average credit spread of entities with similar credit rating to that of the Company, as observed in the period in which the lease contract commences or is modified. Differences to those estimates could have a significant impact on the Company's profit or loss for the year. Further details are provided in note 15.

##### Assessment of impairment of goodwill and other non-current assets

The Company tests goodwill annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment, in accordance with the requirements of IAS 36 'Impairment of Assets'. Goodwill is allocated to the cash generating units (CGUs) that are expected to benefit from the business combination. All goodwill recognised at 31 March 2022 relates to the Quality Assurance Division.

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of the fair value less costs of disposal and its value in use. The recoverable amount is determined for the individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of the CGU to which the asset belongs. The value in use calculation requires the use of a number of assumptions and estimates in relation to future cash flows of the CGU, including terminal value growth rate, and an appropriate discount rate to apply to the cash flows.

At 31 March 2023, for the purposes of the goodwill impairment test, the recoverable amounts of the Quality Assurance division were determined based on a value-in-use calculation. In determining the value-in-use, the following assumptions were used, representing management's best estimate for the period under consideration:

- Management's plan, which included expected future cash flows for the fiscal year 2024 through 2026. These expected cash flows reflected the current expectations regarding economic conditions and market trends. These cash flows related to the divisions in their current condition when preparing the financial statements and excluded the estimated cash flows that might arise from any possible future restructuring plans, acquisitions or other structural changes. Key assumptions used in estimating the future cash flows were those related to revenue growth, EBITDA margins, and expected conditions regarding market trends for the divisions over the period considered.
- These cash flows were extended through to fiscal year 2033, at a declining growth rate until the long-term growth rates for the respective divisions was achieved. The Company operates in certain market segments which are currently lacking penetration from disruptive competition, and which, in management's view, would require significant time and investment for competitors to enter. Considering these factors, the Company's trading experience in these market segments and the growth rates in the management plan through to fiscal year 2026, management concluded it was appropriate to extend the projection period to fiscal year 2033 to reflect their medium-term growth expectations for those markets.
- The expected future cash flows included a normalised terminal period to estimate the future result beyond the time period explicitly considered which incorporated a long-term growth rate assumption of 2.9 percent (2022: 2.9 percent) for the Quality Assurance division. The long-term margins were set considering historical margins, the margins incorporated into the purchase price allocation for the acquisition of Figaro Capital, and other market data.
- Post-tax cash flows were discounted using a post-tax discount rate which reflects the current market assessment of the time value of money for the period being considered, and the risks specific to those cash flows under consideration. The post-tax Weighted Average Cost of Capital applied was 9 percent (2022: 8.5 percent) for the Quality Assurance division.

# LGC Limited

## Notes to the financial statements (continued)

### 3. Significant accounting judgements, estimates and assumptions (continued)

#### Investments

Investments are reviewed for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount. Impairment indicators include both internal and external factors. Examples of internal factors include analysing performance against budgets and assessing absolute financial measures for indicators of impairment.

During the period, there was no impairment recognised against the investments held by the Company. The Company performed a value in use calculation and had determined that the recoverable amount of the investments was greater than its carrying value. The value in use calculation was based on a cash flow forecast discounted to present values.

### 4. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced and accrued in respect of the principal continuing activities of the Company as described in the Directors' report. All turnover in the year was generated in the UK and Germany.

	2023	2022
	£000	£000
Products	71,053	72,151
Services	71,485	84,202
	<b>142,538</b>	<b>156,353</b>

The timing of revenue recognition, invoicing and cash collections results in trade receivables, accrued income (contract assets) and payments received on account (contract liabilities) on the Balance sheet. The Company typically invoices and recognises revenue when goods are dispatched, or under the right to invoice practical expedient. Where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, the Company recognises revenue in the amount to which the entity has a right to invoice. Where the terms of shipping differ from this the revenue is deferred to later periods when the performance obligation is satisfied, and where payments are received in advance of invoicing these are held as contract liabilities on the balance sheet until the revenue is invoiced. Where performance obligations have been fulfilled, but the work has not been invoiced revenue will be accrued and recognised on the balance sheet as accrued income.

### 5. Operating result

This is stated after charging/(crediting):

	2023	2022
	£000	£000
Auditors' remuneration	278	175
Depreciation expense		
- property, plant and equipment	5,427	6,041
- right-of-use assets	5,790	5,287
Amortisation expense		
- capitalised IT costs	4,109	3,546
- technologies	59	254
Expenses relating to leases of low-value assets	-	-
Foreign exchange net gains/(losses)	445	265
Research and development expense	15,000	23,225

# LGC Limited

## Notes to the financial statements (continued)

### 6. Adjusted EBITDA - alternative performance measure

Adjusted EBITDA is one of the Company's key performance indicators and is monitored by management and other stakeholders as a measure of recurring, comparable, underlying performance. Adjusted EBITDA provides a meaningful comparison of how the Company's performance is managed and measured on a day-to-day basis by key stakeholders.

Adjusted EBITDA is defined as operating profit/loss before depreciation, amortisation, material, unusual and non-recurring items and unrealised foreign exchange gains or losses.

Adjusted EBITDA is not a measure of performance under IFRS and should not be considered as an alternative to operating profit/loss for the period or other financial measures determined in accordance with IFRS. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation.

The following table provides a reconciliation of Adjusted EBITDA to operating loss for the year:

	2023	2022
	£000	£000
<b>Adjusted EBITDA</b>	<b>14,102</b>	<b>5,186</b>
Depreciation and amortisation	(15,385)	(15,128)
Material, unusual and non-recurring items:		
- transaction related costs <sup>1</sup>	(3,789)	(10,616)
- share-based payments expense <sup>2</sup>	780	(845)
- restructuring costs <sup>3</sup>	(2,586)	(908)
Unrealised foreign exchange net gains/(losses) <sup>4</sup>	(445)	265
<b>Operating loss</b>	<b>(7,323)</b>	<b>(22,046)</b>

<sup>1</sup> Transaction-related costs include transaction and integration costs in relation to business acquisitions, business disposals, transactions and financing activities. Transaction costs are those directly attributable to the transaction including advisory services, such as legal, finance and tax, and fees. Integration costs are those incurred following the acquisition, covering activities such as bringing the acquired business onto our systems and relocating or consolidating sites. These costs are recorded within administrative expenses.

<sup>2</sup> Share-based payments expenses are recorded within employee benefits expense.

<sup>3</sup> Restructuring costs relate to material and/or fundamental reorganizations of the Group or its segments. These costs, which would typically and predominantly include employee severance costs and advisory fees, are predominantly recorded within selling, general and administrative expenses.

<sup>4</sup> Foreign exchange gains and losses arise on foreign currency transaction exposures on businesses' operations in currencies other than their own functional currency. These costs are predominantly recorded within selling, general and administrative expenses and those gains and losses which are unrealized are non-cash.

### 7. Interest receivable and similar income

	2023	2022
	£000	£000
Interest receivable from Group undertakings	2,945	4,530
Net interest income from defined benefit pension scheme	249	75
Bank interest receivable	739	-
	<b>3,933</b>	<b>4,605</b>

# LGC Limited

## Notes to the financial statements (continued)

### 8. Interest payable and similar charges

	2023	2022
	£000	£000
Interest payable to Group undertakings	11,906	9,310
Interest on lease liabilities	1,458	1,490
Other finance charges	3	16
	<b>13,367</b>	<b>10,816</b>

### 9. Directors' remuneration and staff costs

#### (a) Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023	2022
	£000	£000
Wages and salaries	51,508	53,835
Social security costs	5,398	5,132
Other pension costs	2,964	3,120
Share based payments (note 10)	(780)	845
	<b>59,090</b>	<b>62,932</b>

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

	2023	2022
	number	number
Scientific	346	615
Administration and management	662	551
	<b>1,008</b>	<b>1,166</b>

#### (b) Directors' remuneration

Euan O'Sullivan and Vivid Sehgal were also Directors of the parent undertaking and certain other fellow subsidiary undertakings during the year. These Directors received remuneration in respect of their services to the Group as shown in the financial statements of LGC Science Group Holdings Limited. Their remuneration is borne by another Group company and the amount related to services to LGC Limited is re-charged to the Company at a mark-up. Their remuneration is presented as part of operating expenses in the income statement. Julian Braybrook received remuneration directly from the Company.

The following represents the amount recharged from LGC (Holdings) Limited, net of the mark-up, and the amount directly incurred.

	2023	2022
	£000	£000
Directors' remuneration	357	661

The amount relating to the highest paid director was £157,000 (2022: £245,000).

# LGC Limited

## Notes to the financial statements (continued)

### 10. Share-based payments

#### Long-Term Incentive Plans ("LTIP")

During 2020, LTIP Plan A was established whereby eligible employees were granted LTIP Plan A units tied to the value of a number of Class O-SW shares in the ultimate parent, LGC Science Corporation S.à r.l. (note 26) which are held by an employee benefits trust. LTIP Plan A vests fully on the earlier of (i) an initial public offering, or (ii) a change of control, or (iii) a winding up event. There are no other performance conditions. In addition, to the performance condition, the eligible employee must maintain employment through the date of the execution of any of the performance conditions. The Company has a constructive obligation to settle the obligations in cash and the LTIP is accounted for as a cash-settled plan.

During the fiscal year 2022, LTIP Plan B was established whereby eligible employees would be granted LTIP Plan B units. Each LTIP B unit is tied to the value of one Class O-SW share in the ultimate parent, LGC Science Corporation S.à r.l. (note 26) which are held by an employee benefits trust. LTIP Plan B vests fully on the earlier of (i) an initial public offering, or (ii) a change of control, or (iii) a winding up event. There are no other performance conditions. In addition to these performance conditions, the eligible employee must maintain employment through the date of the execution of any of the performance conditions.

The carrying amount of the liability relating to both plans as of 31 March 2023 was £580,000 (2022: £1,223,000). None of the LTIP awards had vested at 31 March 2023.

#### Management Stock Purchase Plan ("MSPP")

Certain employees have subscribed for a number of Class O-SW shares in the ultimate parent, LGC Science Corporation S.à r.l. (note 26). The shares are subject to certain agreed upon leaver provisions and vest on the earlier of (i) an initial public offering, or (ii) a change of control, or (iii) a winding up event. There are no other performance conditions and no other service conditions. There are no cash settlement alternatives and the Company does not have a past practice of cash settlement of these shares. The Company accounts for this as an equity-settled plan. The Company recognises a credit to equity (if the share based payment expense is a debit and vice versa) in relation to this scheme as the shares are in the equity of the ultimate parent company.

#### Share-based payment expense

The expense recognised for employee services received during the year was as follows:

	2023	2022
	£000	£000
(Credit)/expense arising from cash-settled share-based payment transactions	(643)	929
(Credit)/expense arising from equity-settled share-based payment transactions	(137)	(84)
	<b>(780)</b>	<b>845</b>

# LGC Limited

## Notes to the financial statements (continued)

### 11. Taxation

#### (a) Analysis of tax in year:

Tax credit in the income statement comprised:

	2023	2022
	£000	£000
<b>Current tax</b>		
Foreign tax	5	-
Adjustment in respect of current Foreign income tax of previous years	58	-
<b>Total current tax charge</b>	<b>63</b>	<b>-</b>
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	1,245	(1,441)
Adjustments in respect of previous years	866	71
Change in rates	(369)	(3,343)
<b>Total deferred tax</b>	<b>1,742</b>	<b>(4,713)</b>
<b>Total tax charge/(credit) for the year</b>	<b>1,805</b>	<b>(4,713)</b>
<b>Statement of other comprehensive income</b>		
Deferred tax charge/(credit) related to items recognised in other comprehensive income during the year	(1,922)	1,029

#### (b) Factors affecting tax credit for the year:

The reconciliation of the loss before tax for the year at the standard rate UK corporation tax rate of 19% (2022: 19%) to the tax for the year is set out below:

	2023	2022
	£000	£000
Profit/(loss) from continuing operations before taxation	23,123	(28,257)
<b>Expected corporation tax charge/(credit) at standard rate of 19%</b>	<b>4,393</b>	<b>(5,369)</b>
Effects of:		
Adjustments with respect to prior periods	924	71
Expenses not deductible for tax purposes	(5,088)	1,187
Rate change adjustment	(333)	(3,343)
Recognition of tax assets previously not recognised	-	14
Movement in unrecognised deferred taxes	47	-
Group relief surrendered for nil payment	1,891	2,761
Transfer pricing adjustments	(29)	(34)
Non-taxable foreign exchange gains	-	-
<b>Total tax for the year</b>	<b>1,805</b>	<b>(4,713)</b>

# LGC Limited

## Notes to the financial statements (continued)

### 11. Taxation (continued)

#### (c) Deferred tax assets and liabilities

Deferred tax relates to the following:

	2023 £000	2022 £000
Depreciation in excess of capital allowances	10,061	15,892
Losses	3,669	-
Foreign exchange contracts	(54)	(81)
Pensions – defined contribution scheme	53	66
Pensions – defined benefit scheme	242	(2,221)
Accrued bonuses, compensation, sick pay and vacation expense	145	305
Other items	71	46
<b>Net deferred tax asset</b>	<b>14,187</b>	<b>14,007</b>

Reflected in the balance sheet as follows:

Deferred tax assets	14,187	14,007
Deferred tax liabilities	-	-
	<b>14,187</b>	<b>14,007</b>

#### Reconciliation of net deferred tax asset

	2023 £000	2022 £000
At 1 April	14,007	10,323
Tax (charge)/credit during the year recognised in the income statement	(1,742)	4,713
Tax (charge)/credit during the year recognised in other comprehensive income	1,922	(1,029)
<b>At 31 March</b>	<b>14,187</b>	<b>14,007</b>

The Company has depreciation in excess of capital allowances of approximately £40,246,000 (2022: £63,681,000). The related deferred tax asset is £10,061,000 (2022: £15,892,000) which has been recognised as the recognition criteria of IAS 12 have been met.

#### (d) Factors that may affect future tax charges

The deferred tax on temporary differences and tax losses was calculated at the rate applicable to the year in which the temporary differences and tax losses are expected to reverse.

The UK Government Finance Bill 2021/22 increased the UK corporation tax rate to 25% for the financial year beginning 1 April 2023. This measure was substantively enacted on 24 May 2021.

The Organisation for Economic Co-operation and Development's (OECD) international framework on Base Erosion Profit Shifting (BEPS) has developed a two-pillar approach to address tax avoidance and ensure coherence of international tax rules. New rules around BEPS Pillar 2 were substantively enacted in the UK in June 2023 and are coming into force for accounting periods beginning on or after 31 December 2023 and the group is actively managing and assessing the tax and administrative impact this will have on future periods.

# LGC Limited

## Notes to the financial statements (continued)

### 12. Goodwill

	<u>£000</u>
<b>Cost:</b>	
At 1 April 2022	32,741
Disposal (note 24)	<u>(15,020)</u>
<b>At 31 March 2023</b>	<b><u>17,721</u></b>
<b>Amortisation:</b>	
At 1 April 2022	4,786
Disposal (note 24)	<u>(1,609)</u>
<b>At 31 March 2023</b>	<b><u>3,177</u></b>
<b>Net book value:</b>	
<b>At 31 March 2023</b>	<b><u>14,544</u></b>
<b>At 31 March 2022</b>	<b><u>27,955</u></b>

### 13. Intangible assets

	<b>Capitalised IT costs £000</b>	<b>Techno- logies £000</b>	<b>Total £000</b>
<b>Cost:</b>			
At 1 April 2022	12,958	847	13,805
Additions	6,513	312	6,825
Disposals	<u>(582)</u>	<u>-</u>	<u>(582)</u>
<b>At 31 March 2023</b>	<b><u>18,889</u></b>	<b><u>1,159</u></b>	<b><u>20,048</u></b>
<b>Amortisation:</b>			
At 1 April 2022	6,749	306	7,055
Charge	4,109	59	4,168
Disposals	<u>(303)</u>	<u>-</u>	<u>(303)</u>
<b>At 31 March 2023</b>	<b><u>10,555</u></b>	<b><u>365</u></b>	<b><u>10,920</u></b>
<b>Net book value:</b>			
<b>At 31 March 2023</b>	<b><u>8,334</u></b>	<b><u>794</u></b>	<b><u>9,128</u></b>
<b>At 31 March 2022</b>	<b><u>6,209</u></b>	<b><u>541</u></b>	<b><u>6,750</u></b>

# LGC Limited

## Notes to the financial statements (continued)

### 14. Tangible assets

	Short-term leasehold buildings £000	Building plant £000	Scientific equipment £000	Other equipment £000	Total £000
<b>Cost:</b>					
At 1 April 2022	6,016	5,050	32,961	35,242	79,269
Additions	685	1,094	1,349	4,372	7,500
Disposals	(2,710)	(931)	(10,308)	(1,887)	(15,836)
<b>At 31 March 2023</b>	<b>3,991</b>	<b>5,213</b>	<b>24,002</b>	<b>37,727</b>	<b>70,933</b>
<b>Depreciation:</b>					
At 1 April 2022	2,204	3,111	27,623	26,660	59,598
Charge	295	451	1,172	3,509	5,427
Disposals	(1,226)	(467)	(8,077)	(1,631)	(11,401)
<b>At 31 March 2023</b>	<b>1,273</b>	<b>3,095</b>	<b>20,718</b>	<b>28,538</b>	<b>53,624</b>
<b>Net book value:</b>					
<b>At 31 March 2023</b>	<b>2,718</b>	<b>2,118</b>	<b>3,284</b>	<b>9,189</b>	<b>17,309</b>
<b>At 31 March 2022</b>	<b>3,812</b>	<b>1,939</b>	<b>5,338</b>	<b>8,582</b>	<b>19,671</b>

### 15. Right-of-use assets

The Company has lease contracts for various offices, warehouses, equipment and data communications services, in which an asset has been identified for 'last-mile' access to the relevant network and which has therefore been recognised as a right-of-use asset, used in the operations.

The right-of-use assets amounts included within non-current assets and the related cumulative depreciation were as follows:

	At 31 March			
	2023		2022	
£000	Net book value	Of which: accumulated depreciation	Net book value	Of which: accumulated depreciation
Rental properties	19,164	14,544	21,100	10,603
Data communication services	391	4,445	468	3,042
	<b>19,555</b>	<b>18,989</b>	<b>21,568</b>	<b>13,645</b>

Additions to right-of-use assets were £3,619,000 (2022: £1,386,000).

The total cash outflows in relation to leases during 2023 were £6,959,000 (2022: £6,192,000).

# LGC Limited

## Notes to the financial statements (continued)

### 16. Investments

	2023	2022
	£000	£000
<b>Cost:</b>		
At 1 April and at 31 March	<u>5,870</u>	<u>5,870</u>

Details of investments in which the Company holds 20% or more of the nominal value of any class of share capital is as follows. All investments are held directly unless otherwise stated:

<u>Subsidiary</u>	<u>Country</u>
Aquacheck Limited*	United Kingdom
Cardiff Bioanalytical Services Limited	United Kingdom
Focus Forensic Telecommunications Limited	United Kingdom
HFL Sport Science Limited	United Kingdom
LGC Bio Senate Limited	United Kingdom
LGC Bioresearch Limited	United Kingdom
LGC Scheme Pension Trustee Limited	United Kingdom
Quality Management Holdings Limited	United Kingdom
Quality Management Limited*	United Kingdom

The registered office and principal place of business for each of the subsidiaries listed above is LGC, Queens Road, Teddington, Middlesex, TW11 0LY, United Kingdom

\* held indirectly by the Company

### 17. Inventories

	2023	2022
	£000	£000
Raw materials and consumables	1,401	2,008
Finished goods	26,983	10,027
	<u>28,384</u>	<u>12,035</u>

The difference between the purchase price and production cost of inventories and their replacement cost is not significant.

# LGC Limited

## Notes to the financial statements (continued)

### 18. Debtors

	2023	2022
	£000	£000
Trade receivables	8,553	13,685
Provision for impairment of trade receivables	(284)	(180)
Net trade receivables	8,269	13,505
Amounts owed by Group undertakings	75,301	69,885
Deferred tax	14,187	14,007
Prepayments	3,482	6,900
Other receivables	3,323	3,243
Corporation tax receivable	1,970	1,850
Accrued income	2,150	2,093
	<b>108,682</b>	<b>111,483</b>

The amounts owed by Group undertakings accrue interest at between 5.5% and 8.0% (2022: at between 5.5% and 8.0%) per annum and are repayable on demand.

Amounts falling due after more than one year included above are:

	2023	2022
	£000	£000
Deferred tax	14,187	14,007
	<b>14,187</b>	<b>14,007</b>

### 19. Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Trade and other payables	14,674	13,929
Amounts due to Group undertakings	80,065	182,248
Social security and other taxes	1,176	2,215
Deferred income and payments on account	5,727	7,514
Accruals	13,052	17,885
Provisions	900	-
Share based payments liabilities	580	1,223
Lease liabilities	4,556	4,410
	<b>120,730</b>	<b>229,424</b>

The amounts due to Group undertakings bear interest at 8.0% (2022: 8.0%) per annum and are repayable on demand.

Provisions relate to the Horizon programme, a multi-year programme of activities including a new strategic partnership with Tata Consulting Services across Finance, HR and IT. The timing of cash outflows for the provision is expected within the next twelve months.

# LGC Limited

## Notes to the financial statements (continued)

### 20. Creditors: amounts falling due after more than one year

	2023 £000	2022 £000
Lease liabilities	17,120	19,079
	<b>17,120</b>	<b>19,079</b>

The table below summarises the maturity profile of the Company's lease liabilities at the balance sheet date based on contractual undiscounted payments:

#### Maturity analysis

2023	Within 1 year £000	1-5 years £000	>5 years £000	Total £000
Lease liabilities	5,723	14,461	5,684	25,868

### 21. Pension and other schemes

#### (a) Defined contribution pension scheme

The Company participates in a Group defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £2,964,000 (2022: £3,120,000). At the end of the year contributions of £212,000 (2022: £265,000) were outstanding.

#### (e) Defined benefit pension scheme

The Company defined benefit scheme is the LGC Staff Pension Scheme, which is a funded final salary defined benefit scheme providing pensions and death benefits to members. The scheme was closed to new members in 2002, and closed to future accrual of benefits from 1 April 2014, which reduces future volatility risk and helps align pension benefits more consistently across all of the Company's employees.

The scheme is governed by a trustee board, which is independent of the Group, which has a large degree of control over the operation, funding and investment strategy of the scheme. The Group work with the trustees to ensure the scheme has an appropriate funding strategy that meets legislative and regulatory requirements. The assets of the scheme are held in a trustee fund which requires contributions to be made to a separately administered fund. Any shortfall of assets relative to funding target is financed over an appropriate period of time taking account of the contribution level that is reasonably affordable to the sponsoring employer. The most recently completed full funding actuarial assessment was as of 30 June 2021 and the benefit structure has not changed since that assessment. After the balance sheet date, the Group agreed to make deficit funding payments totalling £1,000,000 in equal instalments of £250,000 in each of the next four years. The expected contribution to the plan in the next fiscal year is £250,000.

A significant proportion of the scheme's assets are invested in equities and property whereas the scheme's liabilities are dependent on the yield on long-dated corporate bonds. The valuations of these asset classes can move in opposite directions causing the net pension surplus/obligation on the balance sheet to improve or deteriorate rapidly. The balance sheet volatility has been mitigated to an extent by moving investment from equities into multi-asset credit investment and bonds, together with the use of a Liability Driven Investment (LDI) strategy. Since the scheme's liability is adjusted to the consumer price index, the scheme is exposed to the UK's inflation rate and interest rate risks and the liability is further exposed to changes in the life expectancy for pensioners.

# LGC Limited

## Notes to the financial statements (continued)

### 21. Pension and other schemes (continued)

#### Scheme net surplus

The net amount recognised in the balance sheet was as follows:

	2023	2022
	£000	£000
Fair value of scheme assets	73,078	113,083
Present value of scheme liabilities	(74,046)	(104,185)
<b>Net surplus</b>	<b>(968)</b>	<b>8,898</b>
Classified as:		
Non-current (liabilities)/assets - retirement benefit (liability)/asset	<b>(968)</b>	<b>8,898</b>

The Company has reviewed the net surplus as it relates to IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements', and concluded that it is not necessary to make any adjustments to the asset recognition.

The changes in the defined benefit liabilities and fair value of scheme assets were:

£000	Scheme assets	Scheme liabilities	Net surplus
<b>At 1 April 2021</b>	<b>112,449</b>	<b>(109,043)</b>	<b>3,406</b>
Net interest income	2,456	(2,381)	75
Return on scheme assets, excluding amounts included in interest income	(153)	-	(153)
Remeasurement net gains	-	5,570	5,570
Employer contributions	-	-	-
Benefits paid	(1,669)	1,669	-
<b>At 31 March 2022</b>	<b>113,083</b>	<b>(104,185)</b>	<b>8,898</b>
Net interest income	3,142	(2,893)	249
Return on scheme assets, excluding amounts included in interest income	(41,395)	-	(41,395)
Remeasurement net gains	-	31,280	31,280
Benefits paid	(1,752)	1,752	-
<b>At 31 March 2023</b>	<b>73,078</b>	<b>(74,046)</b>	<b>(968)</b>

The major categories of scheme assets were as follows:

	2023	2022
	£000	£000
Debt instruments	53,907	84,254
Equity instruments	7,376	15,962
Cash and cash equivalents	10,868	11,288
Other investments	927	1,579
	<b>73,078</b>	<b>113,083</b>

Asset valuations are based on quoted market prices in an active market and investment profile of the assets, with the exception of cash and cash equivalents. The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company. Other investments comprise liability driven investment products.

# LGC Limited

## Notes to the financial statements (continued)

### 21. Pension and other schemes (continued)

#### Amounts recognised in the income statement

Net pension income recognised in the income statement was as follows:

	2023	2022
	£000	£000
Net interest income	249	75

#### Amounts recognised in the statement of comprehensive income

Remeasurement gains and (losses) recognised in the statement of comprehensive income were as follows:

	2023	2022
	£000	£000
Relating to scheme liabilities:		
Actuarial gains arising from changes in financial assumptions	37,679	6,208
Actuarial gains and (losses) arising from changes in demographic assumptions	1,969	(2,330)
Actuarial gains and (losses) arising from experience adjustments	(8,368)	1,692
	31,280	5,570
Return on scheme assets, excluding amounts included in interest income	(41,395)	(153)
	<b>(10,115)</b>	<b>5,417</b>

Actuarial gains and losses arise when assumptions made about the future benefits or investment returns are not realised in practice and/or when assumptions are revised at the end of the year. Actuarial gains or losses are recognised immediately within other comprehensive income.

#### Actuarial assumptions

The principal actuarial assumptions used to determine the present value of the scheme liabilities at the year end were as follows:

	2023	2022
	%	%
Discount rate	4.80	2.80
Future pension increases	2.95	3.55
Deferred pension revaluation	2.70	3.10

The projected life expectancy assumed from the age of retirement of 65 years old was as follows:

	2023		2022	
	currently aged 45	currently aged 65	currently aged 45	currently aged 65
Male	23.6	22.3	24.1	22.4
Female	25.6	24.1	25.0	23.8

# LGC Limited

## Notes to the financial statements (continued)

### 21. Pension and other schemes (continued)

#### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is as follows, noting that each sensitivity is considered in isolation:

	2023	2022
	Increase/(decrease) in scheme liabilities	
	£000	£000
Adjustment to discount rate:		
0.50% increase	(5,565)	(9,642)
0.50% decrease	6,267	11,069
Adjustment to rate of inflation:		
0.25% increase	2,155	4,045
0.25% decrease	(1,991)	(4,002)
Rate of mortality of life expectancy of pensioners:		
1 year increase	(2,032)	(3,814)
1 year decrease	2,021	3,874

The weighted average duration of the defined benefit scheme obligation is around 18 years (2022: around 21 years).

### 22. Share capital and share premium

#### Allotted share capital

	2023	2022
	Number	Number
Ordinary shares of £1 each	<u>11,542,004</u>	<u>11,542,002</u>

#### Ordinary shares issued and fully paid

	Number	£
<b>At 1 April 2021 and 31 March 2022</b>	<u>11,542,002</u>	<u>11,542</u>
Issued during the year	2	-
<b>At 31 March 2023</b>	<u>11,542,004</u>	<u>11,542</u>

On 20 March 2023, the Company issued 2 ordinary shares with an aggregate nominal value of £2 for total consideration of £120,000,000. The shares were issued to LGC (Holdings) Limited, the immediate parent company, in exchange for the cancellation of a £120,000,000 liability owed by the Company. The excess over nominal value was credited to the share premium account.

#### Ordinary share premium

	£000
<b>At 1 April 2021 and 31 March 2022</b>	<u>-</u>
On shares issued during the year	120,000
<b>At 31 March 2023</b>	<u>120,000</u>

# LGC Limited

## Notes to the financial statements (continued)

### 23. Commitments and guarantees

#### Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £2,592,000 (2022: £1,345,000) for the Company.

#### Guarantees

Along with other fellow subsidiaries, the Company has provided guarantees and granted security to support the syndicated bank borrowing arrangements of the Group.

### 24. Profit on disposal of investment

On 5 July 2022 the Company disposed of its Drug Development Solutions (DDS) business to Drug Development Solutions Limited, a subsidiary of the Company. On 13 July 2022 the Company sold its interest in Drug Development Solutions Limited to Alliance Buyer Inc. for net consideration of £59,570,000. The disposal has not been treated as a discontinued operation as it does not represent a separate major line of business or represent the Company withdrawing from a geographical area of operations. The gain on disposal of Drug Development Solutions Limited was £39,880,000, this is inclusive of £13,411,000 of goodwill disposed of as part of the transaction (note 12). Other assets and liabilities in the disposal group included property, plant and equipment, right of use assets and liabilities, inventory and trade and other payables.

### 25. Related party transactions

The Company has taken advantage of the exemption available under FRS 101 not to disclose compensation of key management personnel and not to disclose related party transactions with other members of the LGC Science Group Holdings Limited group.

The Company entered into transactions with other companies owned by Cinven and Astorg. During the year, sales and purchases have been made at normal market price on an arm's length basis.

	2023	2022
	£000	£000
Sales of goods and services	10	34
Purchase of goods and services	114	-
Trade debtor closing balance	2	10
Trade payables closing balance	47	-

# LGC Limited

## Notes to the financial statements (continued)

### 26. Ultimate holding company and controlling party

The Company's immediate holding company is LGC (Holdings) Limited. The smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is LGC Science Group Holdings Limited, which are available to the public and may be obtained from LGC, Queens Road, Teddington, Middlesex, TW11 0LY. The largest group of undertakings for which group accounts are drawn up and of which the Company is a member is LGC Science Corporation S.à r.l., which are available to the public and may be obtained from LGC, Queens Road, Teddington, Middlesex, TW11 0LY.

LGC Science Corporation S.à r.l. was established through investment funds managed by Astorg Asset Management S.à r.l., an independent private equity group ("Astorg"), and investment funds managed by Cinven (the "Seventh Cinven Fund"). Subsequently, each of Astorg and the Seventh Cinven Fund sold part of their interests in LGC Science Corporation S.à r.l. to Luxinva S.A., a wholly owned subsidiary of the Abu Dhabi Investment Authority ("ADIA").

Astorg VII (GP) S.à r.l. is the General Partner of Astorg VII SLP and Astorg VII Co-Invest LGC SLP (the "Partnerships"). Astorg Asset Management S.à r.l. is the alternative investment fund manager and manager of the Partnerships. The Partnerships through their interest in Loire TF S.à r.l., are the ultimate shareholders of 38.8% of LGC Science Corporation S.à r.l.

Cinven Capital Management (VII) General Partner Limited is the Managing General Partner of Cinven Capital Management (VII) Limited Partnership Incorporated, who in turn is the Managing General Partner of the Seventh Cinven Fund. The Seventh Cinven Fund through its interest in Cinloire Luxembourg S.à r.l. is the ultimate shareholder of 38.8% of LGC Science Corporation S.à r.l.

Silver Holdings S.A., a direct subsidiary of the Abu Dhabi Investment Authority (an independent public investment institution owned by the Emirate of Abu Dhabi), is the sole shareholder of Luxinva S.A. Luxinva S.A. owns 19.4% of LGC Science Corporation S.à r.l.