

Registration number: 02991879

LGC Limited

Annual report and accounts

31 March 2024



LGC Limited

Directors

Euan O'Sullivan
Julian Braybrook
Marcus Kaeller

Secretary

Lucy Richards

Independent Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

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 2024.

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.

As a leading global life sciences tools company, we partner with our customers to find solutions that diagnose, treat, feed and protect our growing population. Working collaboratively with our partners in the scientific community, our products and services help to solve some of the most complex challenges facing society and the planet. Together we respond to global pandemics, pioneer innovative precision medicine, and improve the safety of our food, medicines and environment. With operations in 18 countries around the world, and over 180 years of scientific heritage, we combine a track record of innovation with value-enhancing acquisitions to expand our product portfolio and expertise to help our customers achieve their goals. We do this in pursuit of 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 Companies House.

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 Companies House. 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 the Luxembourg Business Registers.

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 £7,905,000 (2023: profit of £21,318,000).

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

£million	2024	2023
Turnover	152.0	142.5
Adjusted EBITDA*	15.3	14.1
Operating loss	(9.6)	(7.3)
Average number of employees	901	1,008

* 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:

£million	2024	2023
Adjusted EBITDA	15.3	14.1
Depreciation and amortisation	(15.4)	(15.4)
Material, unusual and non-recurring items	(9.4)	(5.6)
Unrealised foreign exchange net losses	(0.1)	(0.4)
Operating loss	(9.6)	(7.3)

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 2024, the Company continued to invest in existing businesses, new technology and in new opportunities. Overall tangible and intangible capital expenditure for the year was £17.4 million (2023: £14.3 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 non-related party customer accounting for less than 15% of revenues. The largest related party customer accounts for approximately 27% 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

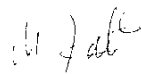
Ongoing credit evaluation is performed on the financial condition of debtors and, where appropriate, credit protection methods are employed. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made and individual customer credit limits are 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.



Marcus Kaeller
Director
10 October 2024

LGC Limited

Directors' report

The Directors present their report and financial statements for the year ended 31 March 2024.

Directors

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

Julian Braybrook	
Euan O'Sullivan	
Marcus Kaeller	(appointed 3 June 2024)
Vivid Sehgal	(resigned 24 May 2024)

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

Dividends

The Directors do not recommend an interim dividend or final dividend (2023: £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 have completed an extensive review of the principal activities, risks, future liquidity and financial requirements of the Company to determine whether the business will be able to meet its obligations as they become due for a period at least twelve months from the approval of these financial statements.

The Directors have obtained a letter of support from a 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 a period for at least twelve months from the date of approval of these financial statements.

The directors of LGC Science Group Holdings Limited prepared a going concern assessment covering a period for at least twelve months from the date of approval of the fiscal year 2024 financial statements of LGC Science Group Holdings Limited. In doing so they considered cash flow forecasts prepared for the period up to 31 March 2026 and noted that the Group has access to a Revolving Credit Facility ("RCF") of £265 million, of which £230 million was undrawn at the reporting date. No covenant tests apply to any of the Group's debt except if the RCF is more than 40% drawn. The Group loan facilities provide adequate financing to support the Group's operations and have a remaining term in excess of three years from the reporting date.

Their base case assessment reflects the approved budget for the year ended 31 March 2025 and an approved forecast to 31 March 2026. In addition to a base case, a severe but plausible downside scenario was also considered with a 10% reduction in EBITDA across the two year forecasted period. Additional drawings on the RCF are forecast to be required in both the base case and downside scenario. The forecasts indicate that the Group will comply with the leverage ratio financial covenant in both the scenarios

LGC Limited

Directors' report (continued)

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.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore prepared the financial statements on a going concern basis.

Research and development activities

In the year ended 31 March 2024 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

The Company is exempt under paragraph 20A of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Schedule 7 from the requirement to present energy and carbon reporting as it is included within the consolidated financial statements of LGC Science Group Holdings Limited. The consolidated financial statements of LGC Science Group Holding Limited contain a statement covering the year ended 31 March 2024 which includes 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.

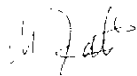
Disclosure of information to the auditor

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 auditor

The auditors are deemed to be re-appointed in accordance with the provision of s487 of the Companies Act 2006.

By order of the Board



Marcus Kaeller
Director and Chief Financial Officer
10 October 2024

LGC
Queens Road
Teddington
Middlesex
TW11 0LY

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.

Independent auditor's report

to the members of LGC Limited

Opinion

We have audited the financial statements of LGC Limited ("the Company") for the year ended 31 March 2024 which comprise the Income Statement, Statement of comprehensive income, Balance sheet, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because we had assessed there to be limited opportunity for management to manipulate revenue due to limited estimation uncertainty for overtime revenue, and for point in time revenue were considered to be straightforward and not exposed to a risk of fraudulent revenue recognition due to high volume and low value of transactions.

Independent auditor's report (continued)

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted to unrelated accounts linked to cash and revenue.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the Company's policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, healthcare provision conduct regulations and employment law recognizing the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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

Independent auditor's report (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Timothy Rush (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Global House
High Street
Crawley
RH10 1DQ
11 October 2024

LGC Limited
Income statement
for the year ended 31 March 2024

	Notes	2024 £000	2023 £000
Turnover	4	151,965	142,538
Cost of sales		(92,830)	(88,744)
Gross profit		59,135	53,794
Operating expenses		(68,746)	(61,117)
Operating loss	5	(9,611)	(7,323)
Income from shares in Group undertakings	16	18,722	-
Interest receivable and similar income	7	2,927	3,933
Interest payable and similar charges	8	(3,276)	(13,367)
(Loss)/profit on disposal of investments	24	(1,597)	39,880
Profit before tax		7,165	23,123
Taxation	11	740	(1,805)
Profit for the year		7,905	21,318

The accompanying notes are an integral part of the financial statements

LGC Limited
Statement of comprehensive income
For the year ended 31 March 2024

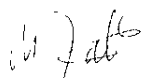
	2024	2023
Notes	£000	£000
Profit for the year	7,905	21,318
Other comprehensive loss		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial net losses on a defined benefit pension scheme	21 (6,877)	(10,115)
Tax on items that will not be reclassified subsequently to profit or loss	11 1,719	1,922
Other comprehensive loss for the year, net of tax	(5,158)	(8,193)
Total comprehensive income for the year, net of tax	2,747	13,125

The accompanying notes are an integral part of the financial statements.

LGC Limited
Balance sheet
at 31 March 2024

	Notes	2024 £000	2023 £000
Fixed assets			
Goodwill	12	14,544	14,544
<i>Intangible assets</i>	13	21,069	9,128
Tangible assets	14	12,248	17,309
Right-of-use assets	15	16,752	19,555
Investments	16	4,273	5,870
		68,886	66,406
Current assets			
Inventories	17	27,621	28,384
Debtors (including £16.7m (2023: £14.2m) due after more than one year)	18	153,201	108,682
Cash at bank and in hand		6,194	36,277
		187,016	173,343
Creditors: amounts falling due within one year	19	(122,153)	(120,730)
Net current assets		64,863	52,613
Total assets less current liabilities		133,749	119,019
Creditors: amounts falling due after more than one year	20	(22,284)	(17,120)
Retirement benefit obligations	21	(7,635)	(968)
Net assets		103,830	100,931
Capital and reserves			
Share capital	22	11,542	11,542
Share premium	22	120,000	120,000
Capital reserve		20	20
Profit and loss account		(27,732)	(30,631)
Shareholders' funds		103,830	100,931

The accompanying notes are an integral part of the financial statements.



Marcus Kaeller
Director
10 October 2024
Registration number: 02991879

LGC Limited
Statement of changes in equity
for the year ended 31 March 2024

	Share capital £000	Share premium £000	Capital reserve £000	Profit and loss account £000	Total £000
At 1 April 2022	11,542	-	20	(43,619)	(32,057)
Profit for the year	-	-	-	21,318	21,318
Other comprehensive loss	-	-	-	(8,193)	(8,193)
<i>Total comprehensive income</i>	-	-	-	13,125	13,125
Share based payments	-	-	-	(137)	(137)
Shares issued during the year	-	120,000	-	-	120,000
At 31 March 2023	11,542	120,000	20	(30,631)	100,931
Profit for the year	-	-	-	7,905	7,905
Other comprehensive loss	-	-	-	(5,158)	(5,158)
<i>Total comprehensive income</i>	-	-	-	2,747	2,747
Share based payments	-	-	-	152	152
At 31 March 2024	11,542	120,000	20	(27,732)	103,830

The accompanying notes are an integral part of the financial statements.

LGC Limited

Notes to the financial statements

1. Corporate information

These financial statements were authorised for issue by the Board on 10 October 2024. The Company is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom. The registered number is 02991879 and the registered address 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 (continued)

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 have completed an extensive review of the principal activities, risks, future liquidity and financial requirements of the Company to determine whether the business will be able to meet its obligations as they become due for a period at least twelve months from the approval of these financial statements.

The Directors have obtained a letter of support from a 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 a period for at least twelve months from the date of approval of these financial statements.

The directors of LGC Science Group Holdings Limited prepared a going concern assessment covering a period for at least twelve months from the date of approval of the fiscal year 2024 financial statements of LGC Science Group Holdings Limited. In doing so they considered cash flow forecasts prepared for the period up to 31 March 2026 and noted that the Group has access to a Revolving Credit Facility ("RCF") of £265 million, of which £230 million was undrawn at the reporting date. No covenant tests apply to any of the Group's debt except if the RCF is more than 40% drawn. The Group loan facilities provide adequate financing to support the Group's operations and have a remaining term in excess of three years from the reporting date.

Their base case assessment reflects the approved budget for the year ended 31 March 2025 and an approved forecast to 31 March 2026. In addition to a base case, a severe but plausible downside scenario was also considered with a 10% reduction in EBITDA across the two year forecasted period. Additional drawings on the RCF are forecast to be required in both the base case and downside scenario. The forecasts indicate that the Group will comply with the leverage ratio financial covenant in both the scenarios.

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.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore 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, 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.

LGC Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Revenue recognition (continued)

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.

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.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable, and finance expense on lease liabilities recognised in profit or loss using the effective interest method.

Other interest receivable and similar income includes interest receivable, and interest income on cash and cash equivalents.

Interest receivable and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

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. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Exchange differences are recognised in the statement of profit or loss.

LGC Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

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. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

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.

LGC Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

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.

Other development expenditure is recognised in the profit and loss account as an expense as incurred. The expenditure capitalised includes the cost of materials and labour. Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

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.

Government grants

Government grants are included within deferred income and payments on account in the balance sheet and credited to the profit and loss account on a systematic basis over the estimated useful economic lives of the assets to which they relate or over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses. Amounts recognised in the profit and loss are presented under the heading cost of sales.

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.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

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 differences 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 2024 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 2024, 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 2025 through to 2027. These expected cash flows reflected the current expectations regarding economic conditions and market trends. These cash flows related to the division in its 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 over the period considered.
- These cash flows were extended through to fiscal year 2034, at a declining growth rate until the long-term growth rate 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 2027, management concluded it was appropriate to extend the projection period to fiscal year 2034 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 (2023: 2.9 percent). 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 9.5 percent (2023: 9 percent).

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.

	2024	2023
	<u>£000</u>	<u>£000</u>
Products	78,037	71,053
Services	73,928	71,485
	151,965	142,538

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):

	2024	2023
	<u>£000</u>	<u>£000</u>
Auditors' remuneration	263	278
Depreciation charge on property, plant and equipment	5,293	5,427
Amortisation charge on intangible assets	5,086	4,168
Foreign exchange net loss	71	445
Cost of inventories sold	50,411	49,589
Research and development expense	10,216	15,000

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:

	2024	2023
	£000	£000
Adjusted EBITDA	15,336	14,102
Depreciation and amortisation	(15,441)	(15,385)
Material, unusual and non-recurring items:		
- transaction related costs ¹	(365)	(3,789)
- share-based payments expense ²	(421)	780
- restructuring costs ³	(8,649)	(2,586)
Unrealised foreign exchange net losses ⁴	(71)	(445)
Operating loss	(9,611)	(7,323)

¹ 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.

² Share-based payments expenses are recorded within employee benefits expense.

³ 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.

⁴ 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

	2024	2023
	£000	£000
Interest receivable from Group undertakings	2,346	2,945
Net interest income from defined benefit pension scheme	-	249
Bank interest receivable	581	739
	2,927	3,933

LGC Limited

Notes to the financial statements (continued)

8. Interest payable and similar charges

	2024	2023
	£000	£000
Interest payable to Group undertakings	2,054	11,906
Interest on lease liabilities	1,173	1,458
Net interest cost from defined benefit pension scheme	40	-
Other finance charges	9	3
	3,276	13,367

9. Directors' remuneration and staff costs

(a) Staff costs

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

	2024	2023
	£000	£000
Wages and salaries	50,665	51,508
Social security costs	5,291	5,398
Other pension costs	3,199	2,964
Share based payments (note 10)	421	(780)
	59,576	59,090

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

	2024	2023
	number	number
Scientific	276	346
Administration and management	625	662
	901	1,008

(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.

	2024	2023
	£000	£000
Directors' remuneration	435	357

The amount relating to the highest paid director was £154,000 (2023: £157,000).

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.

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 Company has a constructive obligation to settle these obligations in cash and the LTIPs are accounted for as cash-settled plans. The fair values are measured initially and at each reporting date up to and including the settlement date, with any changes in fair value recognised as employee benefits expense within operating profit. The fair values are determined using Monte Carlo simulation models. The carrying amount of the liability relating to these LTIPs were £917,000 (2023: £580,000). None of the LTIP awards had vested at 31 March 2024.

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:

	2024	2023
	£000	£000
Expense/(credit) arising from cash-settled share-based payment transactions	269	(643)
Expense/(credit) arising from equity-settled share-based payment transactions	152	(137)
	421	(780)

LGC Limited

Notes to the financial statements (continued)

11. Taxation

(a) Analysis of tax in year:

Tax credit in the income statement comprised:

	2024	2023
	£000	£000
Current tax		
Foreign tax	-	5
Adjustment in respect of current Foreign income tax of previous years	-	58
Total current tax charge	-	63
Deferred tax		
Relating to origination and reversal of temporary differences	(1,311)	1,245
Adjustments in respect of previous years	571	866
Change in rates	-	(369)
Total deferred tax (charge)/credit	(740)	1,742
Total tax (credit)/charge for the year	(740)	1,805
Statement of other comprehensive income		
Deferred tax credit related to items recognised in other comprehensive income during the year	(1,719)	(1,922)

(b) Factors affecting tax credit for the year:

The reconciliation of the profit before tax for the year at the standard rate UK corporation tax rate of 25% (2023: 19%) is set out below:

	2024	2023
	£000	£000
Profit from continuing operations before taxation	7,165	23,123
Expected corporation tax charge at standard rate of 25% (2023: 19%)	1,791	4,393
Effects of:		
Adjustments with respect to prior periods	571	924
Expenses not deductible for tax purposes	2,220	2,516
Non-taxable income	(4,720)	(7,604)
Rate change adjustment	-	(333)
Movement in unrecognised deferred taxes	-	47
Group relief surrendered for nil payment	(602)	1,891
Transfer pricing adjustments	-	(29)
Total tax for the year	(740)	1,805

LGC Limited

Notes to the financial statements (continued)

11. Taxation (continued)

(c) Deferred tax assets and liabilities

Deferred tax relates to the following:

	2024	2023
	£000	£000
Depreciation in excess of capital allowances	10,176	10,061
Losses	4,294	3,669
Foreign exchange contracts	-	(54)
Pensions – defined contribution scheme	65	53
Defined benefit pension scheme	1,909	242
Accrued bonuses, compensation, sick pay and vacation expense	229	145
Other items	(27)	71
Net deferred tax asset	16,646	14,187

Reflected in the balance sheet as follows:

Deferred tax assets	16,673	14,187
Deferred tax liabilities	(27)	-
	16,646	14,187

Reconciliation of net deferred tax asset

	2024	2023
	£000	£000
At 1 April	14,187	14,007
Tax (charge)/credit during the year recognised in the income statement	740	(1,742)
Tax (charge)/credit during the year recognised in other comprehensive income	1,719	1,922
At 31 March	16,646	14,187

The Company has depreciation in excess of capital allowances of approximately £40,702,000 (2023: £40,246,000). The related deferred tax asset is £10,176,000 (2023: £10,061,000) 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 Company will be in scope of the new Pillar Two global minimum tax rules which implement a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The IAS 12 exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied. The Company is continuing to monitor potential impacts as further guidance is published by the OECD and territories implement legislation to enact the rules. The Company has performed an initial assessment of the impact of the Pillar 2 rules based on the most recent tax filings, country-by-country reporting and financial data, and no Pillar Two Income Taxes are expected to arise for most jurisdictions in which the Group operates. The Company is closely monitoring development to assess potential future implications and implementation efforts.

LGC Limited

Notes to the financial statements (continued)

12. Goodwill

	<u>£000</u>
Cost:	
At 1 April and 31 March	<u>17,721</u>
Amortisation:	
At 1 April and 31 March	<u>3,177</u>
Net book value:	
At 31 March 2024 and 31 March 2023	<u>14,544</u>

13. Intangible assets

	<u>Computer software £000</u>	<u>Capitalised IT costs £000</u>	<u>Techno- logies £000</u>	<u>Total £000</u>
Cost:				
At 1 April 2023	-	18,889	1,159	20,048
Additions	-	8,110	384	8,494
Transfer from property, plant and equipment	30,207	-	-	30,207
At 31 March 2024	30,207	26,999	1,543	58,749
Amortisation:				
At 1 April 2023	-	10,555	365	10,920
Charge	-	4,890	196	5,086
Transfer from property, plant and equipment	21,674	-	-	21,674
At 31 March 2024	21,674	15,445	561	37,680
Net book value:				
At 31 March 2024	<u>8,533</u>	<u>11,554</u>	<u>982</u>	<u>21,069</u>
At 31 March 2023	<u>-</u>	<u>8,334</u>	<u>794</u>	<u>9,128</u>

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
Cost:					
At 1 April 2023	3,991	5,213	24,002	37,727	70,933
Additions	804	469	1,122	6,481	8,876
Transfer to intangible assets				(30,207)	(30,207)
Disposals	-	-	-	(111)	(111)
At 31 March 2024	4,795	5,682	25,124	13,890	49,491
Depreciation:					
At 1 April 2023	1,273	3,095	20,718	28,538	53,624
Charge	288	472	1,025	3,508	5,293
Transfer to intangible assets				(21,674)	(21,674)
At 31 March 2024	1,561	3,567	21,743	10,372	37,243
Net book value:					
At 31 March 2024	3,234	2,115	3,381	3,518	12,248
At 31 March 2023	2,718	2,118	3,284	9,189	17,309

During fiscal year 2024, the asset classification of certain assets was reviewed resulting in a transfer of computer software with a net book value of £8,533,000 to intangible assets.

15. Leases

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 amounts recognised in the financial statements in relation to the leases are as follows:

(a) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	2024 £000	2023 £000
Right-of-use assets		
Rental properties	14,918	19,164
Data communication services	1,834	391
Scientific equipment	-	-
At 31 March	16,752	19,555
Lease liabilities		
Current	5,374	4,556
Non-current	13,512	17,120
At 31 March	18,886	21,676

Additions to right-of-use assets were £2,375,000 (2023: £3,619,000).

LGC Limited

Notes to the financial statements (continued)

15. Leases (continued)

(b) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2024	2023
	£000	£000
Depreciation charge right-of-use assets		
Rental properties	4,246	4,387
Data communication services	785	1,403
Scientific equipment	31	-
	5,062	5,790
Interest expense	1,173	1,458
Expenses relating to short term leases	-	-
Expenses relating to leases of low-value assets	-	-

The total cash outflows in relation to leases during 2024 were £6,245,000 (2023: £6,959,000).

16. Investments

	2024	2023
	£000	£000
Cost:		
At 1 April	5,870	5,870
Disposals	(1,597)	-
At 31 March	4,273	5,870

During the year the following disposals occurred. No consideration was received in relation to any of these disposals.

- On 24 October 2023, the Company reduced its investment in Focus Forensic Telecommunications Limited. In February 2024 an application to dissolve this company was filed. This company was dissolved after the year end on 7 May 2024.
- On 7 November 2023, LGC Bio Senate was dissolved.
- On 15 November 2023, the Company reduced its investment in LGC Bioresearch Limited. On that same day that company changed its name to LGC (Japan) Limited.
- On 12 December 2023, Cardiff Bioanalytical Services Limited was dissolved.
- On 5 March 2023, HFL Sport Science Limited and Aquacheck Limited were dissolved.

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:

Subsidiary	Country
Focus Forensic Telecommunications Limited	United Kingdom
LGC (Japan) 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

LGC Limited

Notes to the financial statements (continued)

16. Investments (continued)

Dividends received during the year were as follows:

	2024	2023
	£000	£000
HFL Sport Science Limited	18,388	-
Cardiff Bioanalytical Services Limited	136	-
Focus Forensic Telecommunications Limited	198	-
	18,722	-

17. Inventories

	2024	2023
	£000	£000
Raw materials and consumables	1,237	1,401
Finished goods	26,384	26,983
	27,621	28,384

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

The write-down in the carrying value of inventories to net realisable value, net of reversals was £nil (2023: £189,000).

18. Debtors

	2024	2023
	£000	£000
Trade receivables	9,383	8,553
Provision for impairment of trade receivables	(269)	(284)
Net trade receivables	9,114	8,269
Amounts owed by Group undertakings	120,582	75,301
Deferred tax	16,673	14,187
Prepayments	4,385	3,482
Other receivables	1,350	3,323
Corporation tax receivable	-	1,970
Accrued income	1,097	2,150
	153,201	108,682

The amounts owed by Group undertakings accrue interest at between 5.5% and 8.0% (2023: 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:

	2024	2023
	£000	£000
Deferred tax	16,673	14,187
	16,673	14,187

LGC Limited

Notes to the financial statements (continued)

19. Creditors: amounts falling due within one year

	2024	2023
	<u>£000</u>	<u>£000</u>
Trade and other payables	12,547	14,674
Amounts due to Group undertakings	79,314	80,065
Social security and other taxes	2,936	1,176
Deferred income and payments on account	3,697	5,727
Accruals	17,120	13,052
Provisions	248	900
Share based payments liabilities	917	580
Lease liabilities	5,374	4,556
	<u>122,153</u>	<u>120,730</u>

The amounts due to Group undertakings bear interest at 8.0% (2023: 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.

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

	2024	2023
	<u>£000</u>	<u>£000</u>
Lease liabilities	13,512	17,120
Taxation	8,745	-
Deferred tax	27	-
	<u>22,284</u>	<u>17,120</u>

LGC Limited

Notes to the financial statements (continued)

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 £3,199,000 (2023: £2,964,000). At the end of the year contributions of £262,000 (2023: £212,000) were outstanding.

(c) 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 Company, which has a large degree of control over the operation, funding and investment strategy of the scheme. The Company 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. Following a change of scheme actuary and administrator during fiscal year 2024, an assessment and evaluation of membership data is ongoing. This may give rise to a change in the next full actuarial assessment of the defined benefit obligation. During fiscal year 2023, the Company agreed to make deficit funding payments totalling £1,000,000 in equal instalments of £250,000 in fiscal year 2024 and each of the following three years. In the current year, the Company agreed to make an additional one-off deficit funding payment of £187,500 in the following year. The expected contribution to the plan in the next fiscal year is £437,500.

A significant proportion of the scheme's assets are invested in equities whereas the scheme's liabilities are dependent on the yield on long-dated corporate bonds. The valuations of these assets can move in opposite directions causing the net pension surplus/obligation on the statement of financial position to improve or deteriorate rapidly. The statement of financial position volatility has been mitigated to an extent by moving investment from equities into multi-asset credit investment and bonds. 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:

	2024	2023
	£000	£000
Fair value of scheme assets	69,132	73,078
Present value of scheme liabilities	(76,767)	(74,046)
Net deficit	(7,635)	(968)
Classified as:		
Non-current liabilities - retirement benefit liability	(7,635)	(968)

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

£000	Scheme assets	Scheme liabilities	Net surplus
At 1 April 2022	113,083	(104,185)	8,898
Net interest income/ (expense)	3,142	(2,893)	249
Loss 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	-
At 31 March 2023	73,078	(74,046)	(968)
Net interest income/ (expense)	3,441	(3,481)	(40)
Loss on scheme assets, excluding amounts included in interest income	(4,598)	-	(4,598)
Remeasurement net losses	-	(2,279)	(2,279)
Benefits paid	(3,039)	3,039	-
Contributions paid by the employer	250	-	250
At 31 March 2024	69,132	(76,767)	(7,635)

The major categories of scheme assets were as follows:

	2024	2023
	£000	£000
Equities	-	5,934
Bonds	28,420	7,146
Investment funds	39,944	50,792
Cash / other	768	9,206
Total scheme assets	69,132	73,078

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.

LGC Limited

Notes to the financial statements (continued)

21. Pension and other schemes (continued)

Amounts recognised in the income statement

Net pension (expense)/income recognised in the statement of profit or loss was as follows:

	2024	2023
	£000	£000
Net interest (expense)/income	(40)	249

Amounts recognised in the statement of comprehensive loss

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

	2024	2023
	£000	£000
Relating to scheme liabilities:		
Actuarial (losses)/gains arising from changes in financial assumptions	(754)	37,679
Actuarial gains arising from changes in demographic assumptions	1,119	1,969
Actuarial (losses) arising from experience adjustments	(2,644)	(8,368)
:	(2,279)	31,280
Relating to scheme assets:		
Loss on scheme assets, excluding amounts included in interest income	(4,598)	(41,395)
Total amounts recognised in the statement of comprehensive loss	(6,877)	(10,115)

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:

	2024	2023
	%	%
Discount rate	4.80	4.80
Future inflation - RPI	3.30	3.30
Future inflation - CPI	2.80	2.70
Future pension increases	3.10	2.95
Deferred pension revaluation	2.80	2.70
Mortality table pre retirement	99% of S3PMA / S3PFA_M	99% of S3PMA / S3PFA_M

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

	2024		2023	
	currently aged 45	currently aged 65	currently aged 45	currently aged 65
Male	23.2	21.9	23.6	22.3
Female	25.2	23.8	25.6	24.1

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:

	2024	2023
	Increase/(decrease)	
	in scheme liabilities	
	£000	£000
Adjustment to discount rate:		
0.50% increase	(6,465)	(5,565)
0.50% decrease	7,324	6,267
Adjustment to rate of inflation:		
0.25% increase	3,040	2,155
0.25% decrease	(3,073)	(1,991)
Rate of mortality of life expectancy of pensioners:		
1 year increase	(2,313)	(2,032)
1 year decrease	2,300	2,021

The weighted average duration of the defined benefit scheme obligation is around 20 years (2023: around 18 years).

22. Share capital and share premium

Allotted share capital

	2024	2023
	Number	Number
Ordinary shares of £1 each	11,542,004	11,542,004

Ordinary shares issued and fully paid

	Number	£
At 1 April 2022	11,542,002	11,542
Issued during fiscal year 2023	2	-
At 31 March 2023 and 31 March 2024	11,542,004	11,542

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
At 1 April 2022	-
On shares issued during fiscal year 2023	120,000
At 31 March 2023 and 31 March 2024	120,000

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 £1,653,000 (2023: £2,592,000) 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. Loss / profit on disposal of investments

During fiscal year 2024 the Company disposed of a number of its investments for no consideration. See note 16 for further details.

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. 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 prior year, sales and purchases have been made at normal market price on an arm's length basis.

	2024	2023
	£000	£000
Sales of goods and services	-	10
Purchase of goods and services	-	114
Trade debtor closing balance	-	2
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 Companies House. 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., the Company's immediate parent company, which are available to the public and may be obtained from the Luxembourg Business Registers.

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.