UKAS
UNITED KINGDOM ACCREDITATION SERVICE

United Kingdom Accreditation Service

Annual Report and Financial Statements

for the year ended 31 March 2016

UKAS
UNITED KINGDOM ACCREDITATION SERVICE

CELEBRATING
21 YEARS
1995–2016

Delivering Confidence

Directors

Lord Lindsay, *Chairman*

Paul Stennett, *Chief Executive*

Sir Duncan Nichol, *Non-Executive Director*

Sir Paul Judge, *Non-Executive Director*

Professor Michael Mainelli, *Non-Executive Director*

Sarah Veale, *Non-Executive Director**

Georgia Alsop, *Finance Director*

Jeffrey Ruddle, *Operations Director*

Lorraine Turner, *Business Development Director*

**appointed October 2015*

Registered Number

03076190

Registered Office

2 Pine Trees
Chertsey Lane
Staines upon Thames
TW18 3HR

Independent Auditors

Feltons
1 The Green
Richmond
Surrey
TW9 1PL

Contents

	Page
UKAS Group Performance at a glance	4
Overview of our strategy for 2015-16 and beyond	5
Chairman’s Report	6
Chief Executive’s Report	8
Finance Director’s Review	12
Group strategic report	13
Directors' report	14
Independent auditors' report	15
Consolidated statement of comprehensive income	16
Consolidated balance sheet	17
Company balance sheet	18
Consolidated statement of changes in equity	19
Company statement of changes in equity	21
Consolidated Statement of cash flows	23
Notes to the financial statements	24

UKAS Group Performance at a glance

Financial highlights:

Financial summary for 2015/16

	(£m) 2015/16	(£m) 2014/15
Turnover	**26.7**	26.0
Cost of Sales	**17.4**	15.6
Gross Profit	**9.3**	10.4
Administrative expenses	**7.4**	8.3
Operating Profit	**1.9**	2.1
Profit after taxation	**1.5**	1.5

Business highlights:

- Successfully relocated to new offices, improving our working environment for customers and staff.
- Completed the restructuring of our Operational Teams to better meet customer needs and service expectations, resulting in positive feedback.
- Extended accreditation into new areas including Asset Management certification, independent care home inspection, BRC Global Standard for Agents and Brokers and, the certification of dental practice services.
- Launched 50 years of accreditation in the UK and 21 years of UKAS by hosting customer and stakeholder events.
- Launched a new website with improved directory search, and greater information for customers, stakeholders, clients and government.
- Improved customer communication channels with the use of webinars, website notifications, and social media.
- Continued collaboration with the Human Tissue Authority (HTA), Public Health England New-born Screening and the European Federation for Immunogenetics (EFI) with the aim of reducing the assessment burden placed upon services.

23,333
Assessment days delivered

3,431
Number of accreditations held

2,896
Number of accredited customers

947
Number of extensions to scope granted this year

49
Number of leads and enquiries for developing new accreditation schemes

326
Number of new customers

10,488
Number of subscribers to UKAS newsletter

4,634
Number of followers on social media

86%
Average level of customer satisfaction

144
Number of articles and releases published in the press

1
Number of online searches every 10 seconds for UKAS accredited organisations

47
Number of events attended to promote accreditation

Overview of our strategy for 2016-17

By 2018, we aim to develop into an even more flexible organisation with the capability to meet the ever growing demand for accreditation, and to exceed the expectations of our customers and stakeholders by delivering accreditation services to the highest quality and technical standards.

Our key strategic actions, many of which are already under way, include:

People	Develop, recruit and retain staff to allow UKAS to deliver world class, high quality accreditation services.	• Further progress towards UKAS being seen as an 'Employer of Choice'. • Use UKAS values to promote a culture that enables collaborative working and prompt decision making. • Review and further develop the training function to increase efficiency and effectiveness of training delivery for newly recruited employees.
Customers and stakeholders	To become more open, transparent and collaborative with our customers & stakeholders.	• Develop and implement accreditation products for small businesses. • Review and enhance the collection and analysis of feedback on Customer Satisfaction. • Protect the UKAS brand and the value it provides to customers and stakeholders.
Core Business	Develop new and improved assessment tools and facilities to deliver world class, high quality accreditation services.	• Implement flexible assessment tools including the use of technology to support fewer on-site visits. • Enhance the IT provision to the business and the adoption of new technology. • Optimise business processes to become more efficient and effective. • Finalise the Operations Restructure.
Business Development	To grow the business through increasing our existing market penetration and improving the accessibility of accreditation for new markets.	• Progress healthcare development activities and harmonise with standard UKAS practise. • Full transition of all CPA customers to UKAS accreditation to ISO 15189 by 2018.

Chairman's Report

2016 is a landmark year for UKAS as we celebrate both the 21st anniversary of our establishment as the National Accreditation Body and the 50th anniversary of the start of accreditation in the UK by the British Calibration Service.

I am therefore delighted that UKAS is able to mark these two major anniversaries with another strong performance over the last 12 months. The volume of business has grown across a number of existing and new sectors, with new organisations coming forward to be accredited for the first time alongside current customers seeking extensions of scope to their existing accreditations.

UKAS has changed a great deal over the 21 years of its existence. From relatively narrow roots in manufacturing and engineering, our accreditation activities now encompass such diverse activities as food safety and quality, forensic science, health and social care, fair banking and much more. We have found that the disciplines associated with accreditation can be applied to almost any area where there is a need for measurement, assessment or verification.

Our most significant growth for some years now has come from the increased awareness of the role that UKAS accreditation can play in supporting the delivery of government policies and regulatory objectives. Accreditation is now used by a wide range of departments and regulators to supplement or replace their own programmes and resources. This is evident across ever more diverse policy areas. For example, UKAS is currently looking at how accreditation could support policy relating to issues as varied as pet-shop licencing, cyber security, mobile phone cell site analysis, financial advice in later life, anti-money laundering and Building Information Modelling.

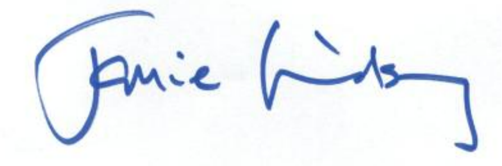
Whilst UKAS enjoys strong support from a large number of departments, our primary relationship with Government in respect to our National Accreditation Body status and public authority remit is with the Business department, once known as DTI, more recently as BIS and now as the Department for Business, Energy and Industrial Strategy (BEIS). As our sponsor department, I am extremely grateful for the support they continue to provide.

The focus of UKAS is not confined to the UK. Accreditation is a global activity and from our outset UKAS has taken a leading role in the development of accreditation worldwide. We play a leading part in many of the European and international organisations that are shaping the future of accreditation, and we provide support for the mutual recognition arrangements that make a significant contribution to facilitating and underpinning the global trade of goods and services.

Following the outcome of the Referendum on the UK’s membership of the EU, UKAS will be working closely with the Government, the UK economy and our international counterparts to make sure that UK-businesses can continue to rely on accreditation and benefit from the mutual recognition arrangements. In this respect, there is no immediate change to UKAS's status or to the status of certificates issued by UKAS accredited organisations, and our current expectation is that very little will change, from an accreditation point of view, as a result of the decision to leave the EU.

At the same time, our role in facilitating and underpinning trade, and in maintaining the UK’s world-leading quality infrastructure, will be of especial importance as the UK develops new relationships with our European and other international partners.

Opportunities and challenges lie ahead, both within and beyond the UK. However I believe that UKAS is well-positioned to address them. We have a dedicated and skilled staff, ably led by Paul Stennett and the senior management team. We have a strong Board and a robust governance structure that ensures that we derive considerable advice and support from our Members and other stakeholder organisations through mechanisms such as our Policy Advisory Forum and Council, and our technical committees. We also continue to enjoy good relationships across the UK Government and devolved governments, public service providers and public interest groups, political and business arenas, and the international accreditation community.



Lord Jamie Lindsay
Chairman

Chief Executive's Report

The Business year 2015/16 was a year of transformation for UKAS with three major projects implemented, namely standards transitions, restructuring of operational/ technical activities and an office relocation. Despite the distractions and upheavals caused by the restructure and office relocation, the business delivered strong financial performance, meeting all key targets.

Review of 2015/16

The year started with the completion of some 307 Inspection Bodies transitioning to ISO/IEC 17020:2012, followed by the transition of 24 Certification Bodies (CBs) to ISO/IEC 17024:2012 by July 2015. The final standard to be transitioned in 2015/16 was ISO/IEC 17065:2012 for 108 CBs in September 2015. Meeting our customers' requirements for a prompt turnaround of assessment reports and related transition activities placed an exceptionally high work load on UKAS and I would like to thank the Operations and Technical teams within UKAS who ensured that all transitions were completed on time.

In addition to the transitions to these three accreditation standards, 2015 saw the launch of ISO 9001:2015 and ISO 14001:2015. A number of our management system CB customers requested accreditation for the certification to the new standard at the earliest possible date. UKAS was able to react promptly to the requests of our customers, resulting in nine CBs receiving their accreditation in early November 2015. The assessment work was preceded by two webinars where UKAS Managers presented how UKAS would be assessing organisations against the new standard. The webinars were well attended with CBs from USA to China joining the discussions. Elsewhere in UKAS, the transition of the accreditation of Medical Laboratories to ISO 15189 from the CPA standard continued apace with almost two thirds of former CPA laboratories being assessed to the new standard.

The Operations restructure went "live" in May 2016 with the creation of three new groups within UKAS: "Corporate", "Core" and "Enterprise". Detailed explanation of these three groups and their roles has been presented to customers in a series of meetings and publications during the past year.

It is fair to say that the re-structure and transfer of some case work to the new UKAS teams led to a few delays in our assessment schedules and during the final months of 2015 some of our customers experienced some disruptions to the level of service they received. As well as thanking our customers for their patience during this time, I would also like to thank our Operations staff who had to cope with the disruption and extra workload occasioned by the restructure. However at the end of the business year 2015/16 the majority of the restructure has been completed and some initial feedback about improved customer service has been received.

During 2015/16 UKAS had the opportunity to exercise a break clause in its office lease which was occurring in April 2016. Having evaluated the options, it was decided to re-locate UKAS to new offices in Staines-upon-Thames offering our employees more efficient working conditions and more attractive surroundings for customers and stakeholders visiting UKAS.

Over the term of the new property lease, UKAS will make considerable savings arising from lower costs, especially in the area of maintenance costs, which had risen steeply in the ageing Feltham offices.

I would like to thank all of my colleagues in the relocation team, led by Georgia Alsop for delivering the project on time and on budget.

A review of the year can unfortunately only give a 'flavour' of the many other areas of work undertaken within UKAS. Some of the highlights were the launch of a new UKAS website in October 2015, with specific "landing areas" for customers, policy makers, SMEs and potential applicants. Supporting this, UKAS continued to have an active profile in social media, with some of these channels playing an increasingly important role in attracting new employees. As ever, attracting and retaining top talent in the business remains a priority and accordingly, UKAS launched an internal programme under the title of "Employer of Choice" to ensure that UKAS met its targets in this area.

On the international front UKAS was a founding partner of the "UK Quality Infrastructure" initiative launched in June 2015. The UKQI partners are BSI, NPL, NMO and UKAS and together present formidable resources available to developing economies to help them implement a national quality infrastructure and quality strategy.

In this international context UKAS delivered close to 50 different training courses to more than 1,000 individuals, many from outside the UK. All of these activities help raise the visibility of UKAS and the UK's dynamic quality infrastructure around the world.

Internally UKAS continued its investment in our own internal training processes to ensure new employees are developed and trained promptly to the highest standards.

As well as coping with the demands of the relocation, our IT team introduced several enhancements to our current IT system, further reducing the amount of system "down-time" to achieve a 99.7% operational target, and began work to scope our requirements for the next generation IT system.

Chief Executive's Report *continued*

Healthcare continued to be a major development activity within UKAS and agreements with the Human Tissue Authority and Public Health England were signed concerning their recognition and acceptance of UKAS accreditation to ISO 15189 to support their regulatory and oversight functions. UKAS was also an active participant in the Clinical Services Alliance established by the Royal College of Surgeons and Royal College of Physicians, helping to develop a framework for the future development of quality schemes in healthcare within the existing UKAS accreditation framework.

UKAS also accredited the genome sequencing laboratory that provides services to the Genomic Medicine Centres as part of the NHS 100,000 Genome Project. This revolutionary diagnostic technique is being heralded as a breakthrough in the treatment of a number of serious diseases including cancer. This initial accreditation will help support the goal of NHS England to create a new genomic medicine service for the NHS. I and my UKAS colleagues are thankful for the support and leadership from Professor Sue Hill, Chief Scientific Officer, NHS England, relating to the accreditation of Genomic Medicine Centres

The Development section experienced a busy year with some 30 projects currently under active investigation, of which 14 of these were started in 2015/16. Whilst not all development projects come to full fruition, it is confidently expected that the current range of projects will deliver between 5% to 7.5% organic growth to UKAS by 2020.

Outlook for 2016/2017

The coming business year 2016/2017 will be a milestone year for UKAS, as it sees the 50th anniversary of the foundation of accreditation in the UK with the launch of the British Calibration Service by the then "Board of Trade" in 1966. August 2016 also marks the 21st anniversary of the launch of UKAS as an independent self-funding organisation, working in the public interest.

The 21st birthday and "coming of age" of UKAS finds the organisation in good shape. The business is performing well in all financial areas; UKAS Operations have restructured to deliver further customer service improvements and efficiency gains; our Development, Technical and Quality Groups have also restructured and UKAS continues to be recognised as a global leader in developing its technical skills as an accreditation body. UKAS Marketing enjoys a similar global reputation, the high calibre of its work being noted at the ILAC and IAF General Assemblies held in Milan in November 2015. Internally our IT teams are gearing up to finalise system upgrades and the arrival of a new HR manager will help deliver greater focus on our employee resources and living up to our "Employer of Choice" ideals.

As ever, just when the business outlook looks positive, the unexpected occurs and at the time of writing the UK has just voted to leave the EU in a referendum. It will take some time for the Government strategy on "Brexit" to become clear, but I and the UKAS Board and Executive will ensure that UKAS works closely with our sponsoring Government Department to support them and to keep them fully aware of how any developments might affect UKAS. UKAS will also keep customers and stakeholders fully informed of developments in this area and any new opportunities which might arise from new trade agreements outside the EU. Despite this uncertainty (and gloomy forecasts of a possible economic recession in late 2016), I am confident that UKAS is in the best possible shape to respond to the challenges of "Brexit" in the coming one to three years and beyond, and that within the company we have both the resilience and management talent to ensure UKAS will continue to prosper in a new post-EU environment and that the international recognition of UKAS and UKAS-accredited certificates continues unaffected.

Paul Stennett MBE
Chief Executive

Financial Director's Review

The UKAS Group maintained its profitability during the year ending 31 March 2016 while it continued to invest in new areas of accreditation, relocated to more modern offices and adapted its infrastructure and structures to better meet the needs of its customers.

Group turnover for the year ending 31 March 2016 increased to £26.7m compared to £26m in the previous year. The year on year increase of 3.6% in turnover is attributed to an increase in accreditation days which grew to 23,333 from 22,104 in the previous year. Growth was achieved in a number of areas but it was largely attributable to increased activity in the areas of forensics and healthcare, despite pressures on resources arising from the reorganisation of our Operational teams. Next year's growth prospects remain strong and the structural changes in our Operational teams are already delivering the expected improvements in service, particularly for customers who have a more complex scope of accredited activities.

Group profit after tax of £1,480k for the year ending 31 March 2016 was maintained at the same level as in the previous year, though last year's profits included a £369k charge which arises from the write off of the goodwill from the acquisition of CPA, as a result of adopting the new FRS102 accounting standard. The Group gross margin of 35% for this financial year was 2% lower compared to the previous year. The reduction in gross margin reflects a lower contribution from newer, developing schemes and a conscious decision to partly absorb higher salary costs instead of passing them on to customers through higher increases in pricing. The Group continued to contain underlying costs and improved underlying productivity, but at the same time incurred higher costs as a result of choosing to resource ahead of expected growth in order to allow the time that it takes to train new staff and be in a better position to meet anticipated customer demand.

A £2m contribution was made by the company into its Defined Benefit Pension Scheme which contributed to the decrease in its longer term pension obligations from £4,909k at the end of the last financial year to £1,280k at the end of this financial year. Profit and loss reserves of £6,685k are positive, even after taking into account the £1,280k long term pension obligation. The Group aims to hold three months turnover as reserves and as at 31 March 2016 achieved its target.

The Group's liquidity position as at 31 March 2016 remained strong with its current asset ratio retained at a healthy 2.7.

Going forward, the company will continue to focus on improving productivity and on cost containment through efficiencies and this will require continued investment in its people and infrastructure. To that end, work is already underway to upgrade our business system and embed the new organisation structure and processes. Our strong liquidity position and focus on change management are key to enabling us to realise our plans.

Georgia Alsop
Director of Finance

Group Strategic Report
for the year ended 31 March 2016

Introduction
The principal activity of the Group in the year under review was that of being the sole national accreditation body recognised by government to assess, against internationally agreed standards, organisations that provide certification, testing, inspection and calibration services.

The Group is a non-profit-distributing private company, limited by guarantee. The Group is independent of Government but is appointed as a national accreditation body by Accreditation Regulations 2009 (SI No 3155/2009) and the EU Regulation (EC) 765/2008 and operates under a Memorandum of Understanding with the Government through the Secretary of State for Business, Innovation and Skills (BIS). UKAS is licensed by BIS to use and confer the national accreditation symbols (formerly national accreditation marks) which symbolise Government recognition of the accreditation process.

Business Review
The results for the group are set out on page 16. These financial statements reflect the trading activities and results of both United Kingdom Accreditation Service (UKAS) and Clinical Pathology Accreditation (UK) Limited (CPA).

The Group expects to continue to grow in most areas of the business, with work in forensic laboratories and the health sector, in areas such as physiological diagnostics, spearheading this growth. Our focus remains on ensuring that we continue to create the capability to respond to the ever increasing demand for accreditation schemes by a wide range of sectors and to that end, we plan to continue to invest in the development of our infrastructure and people.

Principal risks and uncertainties
The Directors have applied judgements, based on expert advice, in relation to assessing the position of the Defined Benefit Pension Scheme. There are no other matters concerning financial risk which are material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Financial key performance indicators
The integrated group has achieved an operating profit of £1,897,109 (2015: £2,080,499) and a group gross margin of 35% (2015: 37%) as explained in note 5 of the financial statements.

The financial performance this year was positive and the group continues to be profitable. In monetary terms turnover was up 3%. The group's balance sheet continues to show a healthy current ratio of current assets to short term creditors of 2.7 times (2015: 2.7 times).

Other key performance indicators
The group continues to report internally on a series of Key Performance Indicators such as the number of days of assessment delivered, the number of customers visited and the efficiency and effectiveness of the service. In addition to this, the company constantly surveys its customer base to ensure that the quality of service is maintained at the highest levels. The year to March 2016, the company delivered 23,333 (2015:22,104) days of accreditation including CPA. The directors attribute this continued growth to the effects the company's ongoing campaign to raise the awareness of the benefits of accreditation within government and amongst consumers.

This report was approved by the board on 19 July 2016 and signed on its behalf.

Paul Stennett MBE
Chief Executive

Directors' Report
for the year ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.* Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends proposed

The profit for the year, after taxation, amounted to £1,480,709 (2015 – £1,484,460).

As the Company is non-profit distributing, the Directors' do not propose a dividend (2015: Nil).

Directors

The directors who served during the year were:
Lord Lindsay
Paul Stennett
Sir Duncan Nichol
Sir Paul Judge
Dame Suzi Leather *(resigned 6 October 2015)*
Professor Michael Mainelli
Georgia Alsop
Jeffrey Ruddle
Lorraine Turner
Sarah Veale *(appointed 6 October 2015)*

Future developments

The transition of Clinical Pathology Accreditation customers to UKAS accreditation, under ISO15189, the international standard for medical laboratories started in 2014, continues to make good progress with more than 60% of laboratories assessed. A key strategic priority in 2015/16 was the reorganisation of our Operations teams. The restructure was successfully implemented, however some case transfers have taken longer than anticipated. A key focus in this business year will be to ensure that the restructure delivers the operational efficiencies and improvements in customer service set out in the original plans. Meeting the growth in demand for asbestos accreditation and the development of accreditation for "digital forensics" are the two key operational challenges facing Operations with the recruitment of skilled assessors for these areas being a challenge.

Other strategic activities this year include a continuing focus on internal business process improvement, a planned upgrade of our business system. At the time of compiling this report, the EU Referendum result has only just been announced. As yet it is too early to make predictions about how this will affect UKAS's business. It is however the intention of the UKAS Board to follow these developments and work closely with our Government sponsors in order to engage at the earliest possible stage with any developments and assess the impact on UKAS as a business.

Disclosure of information to Auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the directors has taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Feltons, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 July 2016 and signed on its behalf.

Paul Stennett

Paul Stennett MBE, *Chief Executive*

Independent Auditors' Report
to the Shareholders of United Kingdom Accreditation Service

We have audited the financial statements of United Kingdom Accreditation Service for the year ended 31 March 2016, set out on page 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'*.

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 Auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Dave Alesbury *(Senior statutory auditor)*

for and on behalf of

Feltons
1 The Green
Richmond
Surrey
TW9 1PL

2 September 2016

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2016

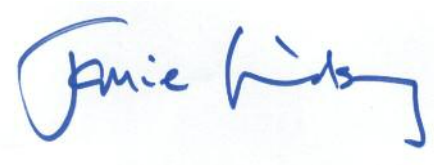
	Note	2016	2015
		£	£
Turnover	4	**26,772,309**	26,000,542
Cost of sales		**(17,441,300)**	(16,392,954)
Gross profit		**9,331,009**	9,607,588
Administrative expenses		**(7,433,895)**	(7,527,089)
Operating profit		**1,897,114**	2,080,499
Interest receivable and similar income		**45,766**	1,219
Interest payable and similar charges		**(1)**	–
Other finance costs		**(127,000)**	(128,000)
Profit on ordinary activities before taxation		**1,815,879**	1,953,718
Taxation on profit on ordinary activities		**(335,170)**	(469,258)
Profit for the financial year		**1,480,709**	1,484,460
Other comprehensive income for the year			
Actuarial losses on defined benefit pension scheme		**2,771,000**	(2,219,000)
Movement of deferred tax relating to pension surplus		**(603,290)**	403,350
Other comprehensive income for the year		**2,167,710**	(1,815,650)
		-	-
Other comprehensive income net of tax		**2,167,710**	(1,815,650)
Total comprehensive income for the year		**3,648,419**	(331,190)
Profit for the year attributable to:			
Owners of the parent company		**1,480,709**	1,484,460
		1,480,709	1,484,460
Total comprehensive income attributable to:			
Owners of the parent company		**3,648,419**	(331,190)
		3,648,419	(331,190)

The notes on pages 24 to 38 form part of these financial statements.

Consolidated Balance Sheet
as at 31 March 2016

	Note		2016 £		2015 £
Fixed assets					
Tangible assets	*13*		**1,182,723**		229,224
			1,182,723		229,224
Current assets					
Debtors: Amounts falling due within one year	*15*	**5,192,862**		5,518,293	
Cash at bank and in hand		**5,988,881**		7,033,107	
		11,181,743		12,551,400	
Creditors: Amounts falling due within one year	*17*	**(4,094,275)**		(4,614,852)	
Net current assets			**7,087,468**		7,936,548
Provisions for liabilities	*20*		**(405,000)**		(320,000)
Net assets excluding pension liability			**7,865,191**		7,845,772
Pension liability			**(1,280,000)**		(4,909,000)
Net assets			**6,585,191**		2,936,772
Capital and reserves					
Profit and loss account	*21*		**6,585,191**		2,936,772
Equity attributable to owners of the parent company			**6,585,191**		2,936,772
			6,585,191		2,936,772

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 July 2016.



Lord Lindsay
Chairman

Paul Stennett MBE
Chief Executive

The notes on pages 24 to 38 form part of these financial statements.

Company Balance Sheet
as at 31 March 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	*13*		**1,182,723**		229,224
Investments	*14*		**715,098**		715,098
			1,897,821		944,322
Current assets					
Debtors: Amounts falling due within one year	*15*	**4,890,627**		5,195,104	
Bank and cash balances		**5,338,236**		5,133,622	
		10,228,863		10,328,726	
Creditors: Amounts falling due within one year	*17*	**(7,714,469)**		(6,512,345)	
Net current assets			**2,514,394**		3,816,381
Total assets less current liabilities			**4,412,215**		4,760,703
Provisions for liabilities	*20*		**(405,000)**		(320,000)
Net assets excluding pension liability			**4,007,215**		4,440,703
Pension liability			**(1,280,000)**		(4,909,000)
Net assets			**2,727,215**		(468,297)
Capital and reserves					
Profit and loss account	*21*		**2,727,215**		(468,297)
			2,727,215		(468,297)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 July 2016.

Lord Lindsay
Chairman

Paul Stennett MBE
Chief Executive

The notes on pages 24 to 38 form part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2016

	Retained earnings £	Total equity £
At 1 April 2015	2,936,772	2,936,772
Comprehensive income for the year		
Profit for the year	1,480,709	1,480,709
Actuarial losses on pension scheme	2,167,710	2,167,710
Other comprehensive income for the year	2,167,710	2,167,710
Total comprehensive income for the year	3,648,419	3,648,419
At 31 March 2016	6,585,191	6,585,191

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The notes on pages 24 to 38 form part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2015

	Other reserve	Retained earnings	Total equity
	£	£	£
At 1 April 2014 (as previously stated)	300,406	3,171,598	3,472,004
Prior year adjustment	–	(204,042)	(204,042)
At 1 April 2014 (as restated)	300,406	2,967,556	3,267,962
Comprehensive income for the year			
Profit for the year	–	1,484,460	1,484,460
Actuarial losses on pension scheme	–	(1,815,650)	(1,815,650)
Other comprehensive income for the year	–	(1,815,650)	1,815,650)
Total comprehensive income for the year	–	(331,190)	(331,190)
Transfer to profit and loss account	(300,406)	300,406	–
At 31 March 2015	–	2,936,772	2,936,772

The notes on pages 24 to 38 form part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 March 2016

	Retained earnings £	Total equity £
At 1 April 2015	**(468,297)**	**(468,297)**
Comprehensive income for the year		
Profit for the year	**1,027,802**	**1,027,802**
Actuarial gains on pension scheme	**2,167,710**	**2,167,710**
Other comprehensive income for the year	**2,167,710**	**2,167,710**
Total comprehensive income for the year	**3,195,512**	**3,195,512**
At 31 March 2016	**2,727,215**	**2,727,215**

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The notes on pages 24 to 38 form part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 March 2015

	Other reserve	Retained earnings	Total equity
	£	£	£
At 1 April 2014 (as previously stated)	300,406	(18,319)	282,087
Prior year adjustment	–	(140,459)	(140,459)
At 1 April 2014 (as restated)	300,406	(158,778)	141,628
Comprehensive income for the year			
Profit for the year	–	1,205,725	1,205,725
Actuarial losses on pension scheme	–	(1,815,650)	(1,815,650)
Other comprehensive income for the year	–	(1,815,650)	(1,815,650)
Total comprehensive income for the year	–	(609,925)	(609,925)
Transfer to profit & loss account	(300,406)	300,406	–
At 31 March 2015	–	(468,297)	(468,297)

The notes on pages 24 to 38 form part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 March 2016

	2016	2015
	£	£
Cash flows from operating activities		
Profit for the financial year	**1,480,709**	1,484,460
Adjustments for:		
Amortisation of intangible assets	–	92,484
Depreciation of tangible assets	**176,617**	167,839
Impairments of fixed assets	–	277,450
Other finance costs	**127,000**	128,000
Interest received	**(45,766)**	(1,219)
Taxation	**335,170**	-
Increase in debtors	**(449,458)**	105,054
Increase in creditors	**(317,528)**	1,013,615
Increase in provisions	**85,000**	250,125
Increase in net pension assets/liabs	**(985,000)**	(570,000)
Corporation tax	**(362,808)**	395,374
Net cash generated from operating activities	**43,936**	3,343,182
Cash flows from investing activities		
Purchase of intangible fixed assets	–	(101,789)
Sale of intangible assets	–	(4,759)
Purchase of tangible fixed assets	**(1,107,405)**	–
Sale of tangible fixed assets	**(22,711)**	–
Interest received	**45,766**	1,219
Net cash from investing activities	**(1,084,350)**	(105,329)
Net increase/(decrease) in cash and cash equivalents	**(1,040,414)**	3,237,853
Cash and cash equivalents at beginning of year	**7,019,918**	3,782,066
Cash and cash equivalents at the end of year	**5,979,504**	7,019,919
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**5,988,881**	7,033,107
Bank overdrafts	**(9,377)**	(13,188)
	5,979,504	7,019,919

The notes on pages 24 to 38 form part of these financial statements.

Notes to the Financial Statements
for the year ended 31 March 2016

1. General information

United Kingdom Accreditation Service is a company incorporated in the United Kingdom under the Companies Act. The company is a private company limited by guarantee and is registered in England and Wales. The address of the registered office is shown on the company information page.

The principal activity of the company and group is set out in the Strategic Report on page 13.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The functional currency is considered to be pounds sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

For the year ended 31 March 2016, the company's subsidiary Clinical Pathology Accreditation (UK) Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation's for the group and the parent company would be identical;
- No Statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The financial statements are prepared on a going concern basis.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	–	over 15 years
Plant and machinery	–	25% straight line
Motor vehicles	–	33% on costs
Fixtures and fittings	–	between 10% and 20% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated statement of comprehensive income.

2.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the cost effective method.

2.13 Finance costs

Finance costs are charged to the Profit and Loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Pensions

Defined contribution pension plan

The Company operates a Defined contribution plan for external assessors who are paid through the payroll.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and
b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

2.16 Interest income

Interest income is recognised in the Profit and Loss account using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.19 Amount recoverable under contracts

Amounts recoverable under contracts relates to contracted services performed but not invoiced at the balance sheet date. As the services are complete at the balance sheet date amounts recoverable under contracts is stated at the recoverable amount invoiced post year end.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The directors have applied judgements in assessing the recoverability of trade debtors and the Defined Benefit Pension Scheme obligations and to the best of their knowledge and belief, the accounts reflect a true and fair picture of the amounts of debtors that are recoverable and the Defined Benefit Scheme obligations.

In applying the Group's accounting policies, the directors are required to make judgments, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgments, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgments, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision effects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgments in applying the Group's accounting policies

The critical judgments that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

(i) Assessing indicators of impairment
In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(ii) Recoverability of receivables
If necessary, the group establishes a provision for receivables that are estimated not to be recoverable. When assessing the recoverability the directors consider factors such as aging of receivables, past experience of recoverability, and the credit profile of an individual or groups of customers.

(iii) Determining residual value and useful economic lives of property, plant and equipment
The group depreciate tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Pension and other post employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least A A rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

4. ANALYSIS OF TURNOVER

Analysis of turnover by country of destination:

	2016	2015
	£	£
United Kingdom	23,783,292	23,131,470
Rest of Europe	225,492	205,238
Rest of the world	2,763,525	2,663,834
	26,772,309	26,000,542

5. OPERATING PROFIT

The operating profit is stated after charging:

	2016	2015
	£	£
Operating lease rentals – land & buildings	255,601	314,730
Depreciation of tangible fixed assets	176,617	167,839
Amortisation of intangible assets, including goodwill	–	92,484
Impairment of intangible assets	–	277,450
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	13,000	13,000
Defined benefit pension cost	1,260,537	876,038

The comparative figures have been changed to reclassify costs that were previously reported as administration costs as costs of sales to reflect the current organisation structure and to make year on year comparisons meaningful. This has resulted in an increase in cost of sales by £782,430 and a corresponding decrease in administration costs.

6. AUDITORS' REMUNERATION

	2016	2015
	£	£
Fees payable to the group's auditor and its associates for the audit of the company's annual accounts	13,000	13,000
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	1,500	1,500
All other services	5,000	5,000

7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£	£
Wages and salaries	9,836,198	9,526,437
Social security costs	1,198,374	1,114,585
Cost of defined benefit scheme	1,328,275	941,989
	12,362,847	11,583,011

7. EMPLOYEES *continued*

The average monthly number of employees, including the directors, during the year was as follows:	**2016**	2015
	No.	No.
Office management staff	**82**	81
Technical staff	**137**	135
	219	216

8. DIRECTORS' REMUNERATION

	2016	2015
	£	£
Directors' emoluments	**625,954**	655,805

During the year retirement benefits were accruing to 4 directors (2015 – 4) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £198,803 (2015 – £195,117).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £26,634 (2015 – £26,238).

The total accrued pension provision of the highest paid director at 31 March 2016 amounted to £26,988 (2015 – £24,610).

The amount of the accrued lump sum in respect of the highest paid director at 31 March 2016 amounted to £NIL (2015 – £NIL).

9. INTEREST RECEIVABLE

	2016	2015
	£	£
Other interest receivable	**45,766**	1,219
	45,766	1,219

10. OTHER FINANCE COSTS

	2016	2015
	£	£
Net interest on net defined benefit liability	**127,000**	128,000
	127,000	128,000

11. TAXATION

	2016	2015
UK corporation tax	**£**	£
Current tax on profits for the year	**163,570**	376,438
Foreign tax		
Total current tax	**163,570**	376,438
Deferred tax		
Origination and reversal of timing differences	**171,600**	92,820
Total deferred tax	**171,600**	92,820
Taxation on profit on ordinary activities	**335,170**	469,258

Factors affecting tax charge for the year
The tax assessed for the year is lower than (2015 – higher than) the standard rate of corporation tax in the UK of 20% (2015 – 21%). The differences are explained below:

	2016	2015
	£	£
Profit on ordinary activities before tax	**1,815,879**	1,953,718
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 21%)	**363,175**	410,281
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**–**	78,150
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**548**	(267)
Capital allowances for year in excess of depreciation	**(28,553)**	11,984
Other timing differences leading to an increase (decrease) in taxation	**–**	(1,394)
FRS102 pension scheme adjustments	**–**	(29,496)
Current tax charge for the year	**335,170**	469,258

12. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £1,027,802 (2015 – £1,205,725).

13. TANGIBLE FIXED ASSETS

Group

	Short-term leasehold property	Motor vehicles	Fixtures and fittings	Computer equipment software & licensing	Total
Cost or valuation	£	£	£	£	£
At 1 April 2015	252,130	33,185	445,500	1,663,336	2,394,151
Additions	713,088	–	128,319	265,998	1,107,405
Disposals	(252,130)	–	55,767	(394,589)	(590,952)
At 31 March 2016	713,088	33,185	629,586	1,534,745	2,910,604
Depreciation					
At 1 April 2015	249,661	19,601	454,749	1,440,916	2,164,927
Charge owned for the period	9,823	4,820	16,747	145,227	176,617
Disposals	(251,032)	(2,423)	26,204	(386,412)	(613,663)
At 31 March 2016	8,452	21,998	497,700	1,199,731	1,727,881
Net book value					
At 31 March 2016	704,636	11,187	131,886	335,014	1,182,723
At 31 March 2015	2,469	13,584	(9,249)	222,420	229,224

Company

	Short-term leasehold property	Motor vehicles	Fixtures and fittings	Computer equipment software & licensing	Total
Cost or valuation	£	£	£	£	£
At 1 April 2015	252,130	33,185	445,500	1,663,336	2,394,151
Additions	713,088	–	128,319	265,998	1,107,405
Disposals	(252,130)	–	55,767	(394,589)	(590,952)
At 31 March 2016	713,088	33,185	629,586	1,534,745	2,910,604
Depreciation					
At 1 April 2015	249,661	19,601	454,749	1,440,916	2,164,927
Charge owned for the period	9,823	4,820	16,747	145,227	176,617
Disposals	(251,032)	(2,423)	26,204	(386,412)	(613,663)
At 31 March 2016	8,452	21,998	497,700	1,199,731	1,727,881
At 31 March 2016	704,636	11,187	131,886	335,014	1,182,723
At 31 March 2015	2,469	13,584	(9,249)	222,420	229,224

14. FIXED ASSET INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Clinical Pathology Accreditation (UK) Limited	England & Wales	Ordinary	100%	Providing accreditation services

Name	Registered office
Clinical Pathology Accreditation (UK) Limited	2 Pine Trees, Chertsey Lane, Staines- upon-Thames, Middlesex, TW18 3HR

Company	Investments in subsidiary companies
Cost or valuation	**£**
At 1 April 2015	**715,098**
At 31 March 2016	**715,098**
At 31 March 2016	–
Net book value	
At 31 March 2016	**715,098**
At 31 March 2015	715,098

The company's subsidiary Clinical Pathology Accreditation (UK) Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act.

15. DEBTORS

	Group 2016	Group 2015	**Company 2016**	Company 2015
	£	£	**£**	£
Group/Company				
Trade debtors	**3,233,913**	3,209,975	**2,813,383**	2,657,070
Amounts owed by group undertakings	**–**	–	**203,034**	390,718
Other debtors	**155,915**	247,894	**71,176**	86,892
Prepayments and accrued income	**199,706**	245,158	**199,706**	245,158
Amounts recoverable on long term contracts	**1,347,328**	784,376	**1,347,328**	784,376
Deferred taxation	**256,000**	1,030,890	**256,000**	1,030,890
	5,192,862	5,518,293	**4,890,627**	5,195,104

16. CASH AND CASH EQUIVALENTS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	**5,988,881**	7,033,107	**5,338,236**	5,133,622
Less: bank overdrafts	**(9,377)**	(13,188)	**(9,377)**	(13,188)
	5,979,504	7,019,919	**5,328,859**	5,120,434

17. CREDITORS: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank overdrafts	**9,377**	13,188	**9,377**	13,188
Trade creditors	**652,315**	533,446	**472,086**	443,788
Amounts owed to group undertakings	**–**	–	**4,053,488**	2,542,473
Corporation tax	**179,408**	378,646	**66,837**	207,089
Taxation and social security	**1,001,717**	1,050,378	**1,001,717**	1,050,378
Other creditors	**35,000**	35,000	**–**	–
Accruals and deferred income	**2,216,458**	2,604,194	**2,110,964**	2,255,429
	4,094,275	4,614,852	**7,714,469**	6,512,345

18. FINANCIAL INSTRUMENTS

	Group 2016 £	Company 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**9,378,709**	10,490,975	**8,425,828**	8,268,301
	9,378,709	10,490,975	**8,425,828**	8,268,301
Financial liabilities				
Financial liabilities measured at amortised cost	**(2,086,590)**	(2,146,571)	**(5,866,569)**	(4,485,647)
	(2,086,590)	(2,146,571)	**(5,866,569)**	(4,485,647)

Financial assets measured at amortised cost comprise bank balances and debtors.

Financial Liabilities measured at amortised cost comprise trade creditors, bank overdraft, accruals and group balances.

19. DEFERRED TAXATION

Group

	Deferred tax
	£
At 1 April 2015	1,030,890
Charged to the profit or loss	(774,890)
At 31 March 2016	**256,000**

Company

	Deferred tax
	£
At 1 April 2015	1,030,890
Charged to the profit or loss	(774,890)
At 31 March 2016	**256,000**

	Group 2016	Group 2015
	£	£
Pension scheme	256,000	1,030,890
	256,000	1,030,890

20. PROVISIONS

Group

	Dilapidation provision
	£
At 1 April 2015	320,000
Charged to the profit or loss	85,000
At 31 March 2016	**405,000**

Company

	Dilapidation provision	Total
	£	£
At 1 April 2015	320,000	320,000
Charged to the profit or loss	85,000	85,000
At 31 March 2016	**405,000**	**405,000**

21. RESERVES

Profit and loss account

Retained earnings represents accumulated comprehensive income for the year and prior periods plus any share based payments, adjustments and related tax credits and transfers from other reserves.

22. PRIOR YEAR ADJUSTMENT – PREVIOUS YEAR

The group adopted FRS102 in its accounts for the year ended 31 March 2015 with effect from 1 April 2013. The effect of this is explained in the Statement of Changes in Equity for the company and group.

23. PENSION COMMITMENTS

The Group operates a Defined benefit pension scheme and the details are as follows:.

United Kingdom Accreditation Service operates a defined benefit scheme in the United Kingdom. The company sponsors the United Kingdom Accreditation Service pension scheme which is a defined benefit arrangement providing benefits on a career average salary basis. The last full actuarial valuation of this scheme was carried out by a qualified Independent actuary as at 31 March 2015 and the results of this have been updated on an approximate basis to 31 March 2016.

Reconciliation of present value of plan liabilities:

	2016	2015
	£	£
At the beginning of the year	**(35,219,000)**	(28,238,000)
Current service cost	**(1,319,000)**	(938,000)
Interest income	**(1,149,000)**	(1,231,000)
Actuarial gains/(losses)	**4,349,000**	(4,977,000)
Contributions	**(466,000)**	(449,000)
Benefits paid	**799,000**	614,000
At the end of the year	**(33,005,000)**	(35,219,000)

Reconciliation of fair value of plan assets:

	2016	2015
	£	£
At the beginning of the year	**30,310,000**	25,106,000
Current service cost	**2,304,000**	1,508,000
Interest income	**1,022,000**	1,103,000
Actuarial gains/(losses)	**(1,578,000)**	2,758,000
Contributions	**466,000**	449,000
Benefits paid	**(799,000)**	(614,000)
At the end of the year	**31,725,000**	30,310,000

23. PENSION COMMITMENTS *continued*

Composition of plan assets:

	2016	2015
	£	£
Equity	22,208,000	20,914,000
Non-gilt bonds	4,124,000	3,940,000
Gilts	3,807,000	3,940,000
Property	1,586,000	1,212,000
Cash	–	304,000
Total plan liabilities	**31,725,000**	30,310,000

	2016	2015
	£	£
Composition of net pension liability:		
Fair value of plan assets	31,725,000	30,310,000
Present value of plan liabilities	(33,005,000)	(35,219,000)
Net pension scheme liability	**(1,280,000)**	(4,909,000)

The amounts recognised in profit or loss are as follows:	2016	2015
	£	£
Current service cost	1,319,000	938,000
Interest on obligation	127,000	128,000
Total	**1,446,000**	1,066,000

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £2,771,000 (2015 - £-2,219,000).

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):	2016	2015
	%	%
Discount rate at 31 March	3.60	3.30
Expected return on scheme assets at	3.60	3.30
Future pension increases	3.15	3.25
Rate of inflation – retail price index	3.30	3.30
Inflation – consumer price index	2.30	2.30

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2016	2015
	£	£
Defined benefit obligation	(33,005,000)	(35,219,000)
Scheme assets	31,725,000	30,310,000
Surplus	**(1,280,000)**	(4,909,000)

24. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2016 the Group and the Company had future minimum lease payments under non- cancellable operating leases as follows:

	Group 2016	Group 2015	**Company 2016**	Company 2015
	£	£	**£**	£
Not later than 1 year	**14,241**	278,470	**14,241**	278,470
Later than 1 year and not later than 5 years	**807,867**	23,328	**807,867**	23,328
Later than 5 years	**3,344,050**	–	**3,344,050**	–

25. RELATED PARTY TRANSACTIONS

The accounts do not show details in respect of group transactions. The group is exempt from disclosure under Financial Reporting Standard 102 on the grounds that the group accounts are available.

26. CONTROLLING PARTY

Ultimate control is vested in the individual members and directors as, being a company limited by guarantee, there are no shareholders.




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