Company Registration No. 3364828 (England and Wales)

IDEXX TECHNOLOGIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

IDEXX TECHNOLOGIES LIMITED

COMPANY INFORMATION

Directors	Mr W Blanche Jr Mr J D Chadbourne Ms L J Lu
Secretary	Ms L J Lu
Company number	3364828
Registered office	Units 1B and 1C Newmarket Business Park Studlands Park Avenue Newmarket Suffolk United Kingdom CB8 7ER
Auditor	Azets Audit Services Suites B & D Burnham Yard Beaconsfield Bucks HP9 2JH

IDEXX TECHNOLOGIES LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report	4 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 23

IDEXX TECHNOLOGIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities
The principal activity of the company continued to be that of manufacturing, distributing, selling and marketing of water diagnostic products.

Results and dividends
The results for the year are set out on page 7.

The directors recommended payment of a final dividend of £500,000 to Idexx UK Acquisition Limited which was paid post year end.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr W Blanche Jr
Mr J D Chadbourne
Ms L J Lu

Research and development
The company is committed to a continuing programme of research and development.

Future developments
The directors anticipate no significant change in the company's activities in the foreseeable future. There have been no events since the end of the year requiring comment by the directors

Auditor
Azets Audit Services were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report

Energy consumption	**2021 kWh**	**2020 kWh**
Aggregate of energy consumption in the year	138,703	141,134

Emissions of CO2 equivalent	**2021 metric tonnes**	**2020 metric tonnes**
Scope 1 - direct emissions		
- Gas combustion	-	-
- Fuel consumed for owned transport	-	-
	-	-
Scope 2 - indirect emissions		
- Electricity purchased	5.83	9.83
Total gross emissions	5.83	9.83
Intensity ratio		
Tonnes CO2e per full-time employee	0.23	0.36

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per employee, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have undertaken LED lighting upgrades during the year.

Statement of disclosure to 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 of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr J D Chadbourne
Director

16 December 2022

IDEXX TECHNOLOGIES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

Opinion

We have audited the financial statements of IDEXX Technologies Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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, 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council’s website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council’s website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report
This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Jack Tatschner ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

19 December 2022

Chartered Accountants
Statutory Auditor

Suites B & D
Burnham Yard
Beaconsfield
Bucks
HP9 2JH

IDEXX TECHNOLOGIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	**3**	4,743,357	4,992,290
Cost of sales		(2,206,476)	(2,108,206)
Gross profit		2,536,881	2,884,084
Administrative expenses		(1,479,166)	(1,726,290)
Operating profit	**4**	1,057,715	1,157,794
Interest receivable and similar income	**7**	-	7,306
Profit before taxation		1,057,715	1,165,100
Tax on profit	**8**	(139,805)	(225,237)
Profit for the financial year		917,910	939,863

The profit and loss account has been prepared on the basis that all operations are continuing operations.

IDEXX TECHNOLOGIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Profit for the year	917,910	939,863
Other comprehensive income	-	-
Total comprehensive income for the year	917,910	939,863

IDEXX TECHNOLOGIES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	**9**		459,626		120,431
Current assets					
Stocks	**10**	691,576		500,453	
Debtors	**11**	9,398,758		8,773,955	
Cash at bank and in hand		89		121	
		10,090,423		9,274,529	
Creditors: amounts falling due within one year	**12**	(751,477)		(521,230)	
Net current assets			9,338,946		8,753,299
Total assets less current liabilities			9,798,572		8,873,730
Creditors: amounts falling due after more than one year	**13**		(100,000)		(93,068)
Net assets			9,698,572		8,780,662
Capital and reserves					
Called up share capital	**17**		1,680		1,680
Share premium account	**18**		169,320		169,320
Profit and loss reserves	**19**		9,527,572		8,609,662
Total equity			9,698,572		8,780,662

The financial statements were approved by the board of directors and authorised for issue on 16 December 2022 and are signed on its behalf by:

Mr J D Chadbourne
Director

Company Registration No. 3364828

IDEXX TECHNOLOGIES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2020	1,680	169,320	7,669,799	7,840,799
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	939,863	939,863
Balance at 31 December 2020	1,680	169,320	8,609,662	8,780,662
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	917,910	917,910
Balance at 31 December 2021	1,680	169,320	9,527,572	9,698,572

1 Accounting policies

Company information

IDEXX Technologies Limited is a private company limited by shares incorporated in England and Wales. The registered office is Units 1B and 1C, Newmarket Business Park, Studlands Park Avenue, Newmarket, Suffolk, United Kingdom, CB8 7ER.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’: Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 ‘Share based Payment’: Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of IDEXX Inc. These consolidated financial statements are available from its registered office, One Idexx Drive, Westbrook, Maine 04092, USA.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1 Accounting policies **(Continued)**

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the period of the lease
Plant and equipment	Straight line over 3-5 years
Fixtures and fittings	Straight line over 3-7 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

1 Accounting policies **(Continued)**

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies **(Continued)**

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

The fair value of options granted is measured by a Black-Scholes pricing model. The fair value of Restricted Stock Units (RSU's) is measured at the market price at the grant date.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company’s accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Water diagnostic products	3,408,878	3,655,548
Water diagnostic services provided to group undertakings	1,334,479	1,336,741
	4,743,357	4,992,289

	2021	2020
	£	£
Other significant revenue		
Interest income	-	7,306

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	2,854,217	2,923,138
Overseas	1,889,140	2,069,151
	4,743,357	4,992,289

4 Operating profit

	2021	2020
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange losses/(gains)	928	(15,995)
Research and development costs	166,909	473,489
Depreciation of owned tangible fixed assets	66,967	92,417
Share-based payments	71,198	48,025
Operating lease charges	39,576	43,056

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £928 (2020 - £15,995).

5 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	14,675	17,500

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Production staff	16	16
Administrative staff	11	11
Total	27	27

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,331,373	1,255,090
Social security costs	117,433	140,628
Pension costs	97,595	102,052
	1,546,401	1,497,770

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest receivable from group companies	-	7,306

8 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	140,792	233,504
Deferred tax		
Origination and reversal of timing differences	(987)	(8,267)
Total tax charge	139,805	225,237

8 Taxation **(Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	1,057,715	1,165,100
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	200,966	221,369
Tax effect of expenses that are not deductible in determining taxable profit	2,896	93
Adjustments in respect of prior years	(1,053)	-
Group relief	(62,472)	-
Under/(over) provided in prior years	-	1,602
Depreciation in excess of capital allowances	3,778	10,440
Deferred tax movement	-	(8,267)
Rounding	(3)	-
Remeasurement of deferred tax for changes in tax rate	(4,307)	-
Taxation charge for the year	139,805	225,237

9 Tangible fixed assets

	Leasehold land and buildings	Assets under construction	Plant and equipment	Fixtures and fittings	Total
	£	£	£	£	£
Cost					
At 1 January 2021	568,613	-	248,715	173,778	991,106
Additions	-	377,485	16,718	11,959	406,162
Disposals	-	-	-	(18,097)	(18,097)
At 31 December 2021	568,613	377,485	265,433	167,640	1,379,171
Depreciation and impairment					
At 1 January 2021	542,416	-	197,105	131,154	870,675
Depreciation charged in the year	26,197	-	19,298	21,472	66,967
Eliminated in respect of disposals	-	-	-	(18,097)	(18,097)
At 31 December 2021	568,613	-	216,403	134,529	919,545
Carrying amount					
At 31 December 2021	-	377,485	49,030	33,111	459,626
At 31 December 2020	26,197	-	51,610	42,624	120,431

10 Stocks

	2021	2020
	£	£
Raw materials and consumables	144,455	194,349
Finished goods and goods for resale	547,121	306,104
	691,576	500,453

11 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Amounts owed by group undertakings	645,806	583,890
Other debtors	8,677,364	8,164,033
Prepayments and accrued income	57,640	9,071
	9,380,810	8,756,994

	2021	2020
Amounts falling due after more than one year:	£	£
Deferred tax asset (note 14)	17,948	16,961
Total debtors	9,398,758	8,773,955

12 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	363,403	139,278
Amounts owed to group undertakings	30,623	56,561
Corporation tax	201,358	93,805
Other taxation and social security	-	66,387
Accruals and deferred income	156,093	165,199
	751,477	521,230

13 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Accruals and deferred income	100,000	93,068

14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2021	Assets 2020
Balances:	**£**	**£**
Accelerated capital allowances	17,948	13,800
Dilapidation provision	-	3,161
	17,948	16,961

	2021
Movements in the year:	**£**
Asset at 1 January 2021	(16,961)
Credit to profit or loss	(987)
Asset at 31 December 2021	(17,948)

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

15 Retirement benefit schemes

	2021	2020
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	97,595	102,052

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share-based payment transactions

IDEXX Laboratories Inc. provide for various forms of share-based compensation awards to our employees and non-employee directors. The share-based compensation plans allow for the issuance of a mix of stock options, restricted stock, stock appreciation rights, employee stock purchase rights and other stock unit awards. With the exception of stock options, the fair value of our awards is equal to the closing stock price of IDEXX common stock on the date of grant. The fair value of the stock option awards is calculated using the Black-Scholes-Merton option-pricing model. For stock options, restricted stock units (RSUs), and deferred stock units (DSUs), share-based compensation expense is recognized net of estimated forfeitures, on a straight-line basis over the requisite service period of the award for stock options. For performance-based restricted stock units (PBRSUs), share-based compensation expense is recognized net of estimated forfeitures, on a grade-vesting methodology over the requisite service period.

Stock options permit a holder to buy IDEXX stock upon vesting at the stock’s price on the date the option was granted. An RSU is an agreement to issue shares of IDEXX stock at the time of vesting. A PBRSUs is an agreement to issues shares of IDEXX stock at the time of vesting upon successful completion of certain performance goals. DSUs are granted under our Executive Deferred Compensation Plan (the Executive Plan) and non-employee Director Deferred Compensation Plan (the Director Plan). DSUs may or may not have vesting conditions depending on the plan under which they are issued. IDEXX Laboratories Inc. primarily issue shares of common stock to satisfy stock option exercises and employee stock purchase rights and to settle RSUs, PBRSUs, and DSUs. IDEXX Laboratories Inc. issue shares of treasury stock to settle certain RSUs and upon the exercise of certain stock options. The number of shares of common stock and treasury stock issued are equivalent to the number of awards exercised or settled.

With the exception of employee stock purchase rights, equity awards are issued to employees and non-employee directors under the 2018 Stock Incentive Plan (the "2018 Stock Plan"). IDEXX Laboratories Inc. Board of Directors has authorised the issuance of 7.5 million shares of our common stock under the 2018 Stock Plan. Any shares that are subject to awards of stock options or stock appreciation rights will be counted against the share limit as one share for every share granted. Any shares that are issued other than stock options and stock appreciation rights will be counted against the share limit as 2.4 shares for every share granted. If any shares issued under our prior plans are forfeited, settled for cash, or expire, these shares, to the extent of such forfeiture, cash settlement or expiration, will again be available for issuance under the 2018 Stock Plan.

Prior to December 4, 2019, all options granted to employees primarily vest ratably over five years on each anniversary of the date of grant. Options granted to non-employee directors vest fully on the first anniversary of the date of grant. Employee grants after December 4, 2019, will vest ratably over 4 years. Vesting of option awards issued is conditional based on continuous service. Options granted after May 8, 2013 have a contractual term of ten years and options granted between January 1, 2006 and May 8, 2013 have contractual terms of seven years. Upon any change in control of the IDEXX Laboratories Inc. 25% of the unvested stock options then outstanding will vest and become exercisable. However, if the acquiring entity does not assume outstanding options, then all options will vest immediately prior to the change in control.

Prior to December 4, 2019, the majority of RSUs, including our PBRSUs, granted to employees vest ratably over five years on each anniversary of the date of grant. Employee grants after December 4, 2019, will vest ratably over 4 years. PBRSUs granted to employees vest based on meeting performance goals set on the day of grant. RSUs granted to non-employee directors vest fully on the first anniversary of the date of grant. Vesting as it relates to RSUs and PBRSUs issued is conditional based on continuous service. Upon any change in control of the company, 25 percent of the unvested RSUs and PBRSUs then outstanding will vest, provided, however, that if the acquiring entity does not assume the RSUs and PBRSUs, then all such units will vest immediately prior to the change in control. At time of grant, it is assumed all PBRSUs will meet performance goals to vest.

The total value of the existing options and RSU's held by employees of IDEXX Technologies Limited are not considered to be material and hence have not been recognised in the financial statements.

17 Share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of 1p each	8,000	8,000	80	80
Ordinary 1 shares of 1p each	100,000	100,000	1,000	1,000
A Ordinary shares of 1p each	60,000	60,000	600	600
	168,000	168,000	1,680	1,680

18 Share premium account

	2021	2020
	£	£
At the beginning and end of the year	169,320	169,320

19 Profit and loss reserves

	2021	2020
	£	£
At the beginning of the year	8,609,662	7,669,799
Profit for the year	917,910	939,863
At the end of the year	9,527,572	8,609,662

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	99,690	15,900
Between two and five years	398,760	-
In over five years	457,536	-
	955,986	15,900

21 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021	2020
	£	£
Acquisition of tangible fixed assets	2,767,777	-

22 Ultimate controlling party

The immediate controlling company is IDEXX UK Acquisition Limited and the ultimate controlling company is IDEXX Laboratories Inc, a company incorporated in the USA. Copies of the group accounts incorporating the results of the company are available from IDEXX Inc, One Idexx Drive, Westbrook, Maine 04092, USA.