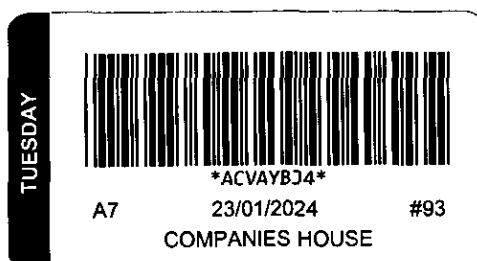


CAWOOD SCIENTIFIC HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD
8-Nov-2021 to 31-Dec-2022

Company Registration No. (13730116)



CAWOOD SCIENTIFIC HOLDINGS LIMITED

COMPANY INFORMATION

Directors Mr R McPheeters
Mr W Welch

Company number 13730116

Registered office Coopers Bridge
Braziers Lane
Winkfield
Berkshire
RG42 6NS

Auditor Constantin
25 Hosier Lane
London
EC1A 9LQ

CAWOOD SCIENTIFIC HOLDINGS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022

The directors present the strategic report for the period commencing 8 November 2021 to 31 December 2022, which has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to the Company and its subsidiary undertakings when viewed as a whole. Cawood Scientific Holdings Limited ("CSHL") is the holding company of the Cawood Scientific Group. CSHL ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The group consists of Cawood Scientific Holdings Limited and all of its subsidiaries. ("the Group").

Fair review of the business

The group is an independent provider of analytical testing and sampling services for land-based industries, with a well-established reputation for the provision of high quality accredited analytical testing and sampling services.

The group offers a complete analytical solution to our customers across the agricultural, horticultural, amenity, environmental and related industries

The Group was acquired by Ensign-Bickford Industries Inc ("EBI") on 12 November 2021. The acquisition was structured through the incorporation and capitalisation of CSHL on 8 November 2021. CSHL acquired 100% of the share capital of Meritas Scientific Holdings Limited on 12 November 2021. During the period, the Group acquired three businesses: Chemtech Environmental Limited, Express Microbiology Limited, and Independent Analytical Supplies Limited. Accordingly all direct and indirect subsidiaries of CSHL are included within these consolidated financial statements.

Principal risks and uncertainties

The Group operates in the analytical testing sector focusing on the land-based, industries, infrastructure, agrochemical contract research, and serology testing. The current and expected future trend within these markets is for a continuing increase in testing as the demand for food production continues to rise, allied to the increased focus on monitoring standards maintained by regulatory authorities and consumer groups. Financial risks include interest rate, liquidity and foreign currency risks. The board continues to monitor these risks.

Cash flow and credit risk

The Group manages credit and cash flow risk by policies concerning credit offered to clients and regular monitoring of amounts outstanding for both time and credit limits. The Company has no significant concentration of credit risk, with exposure spread over a large number of clients.

Interest risk

During the period Ensign Bickford Industries Inc. extended two fixed rate intercompany loans to the group.

Financial risk

Arrangements for capital expenditure are managed in part through hire purchase arrangements.

Development and performance

The group uses a number of indicators to address performance. The key financial performance indicators include EBITDA, profitability and working capital. The key non-financial performance indicator being efficiency. The main indicators are sales, gross margin % and debtor days.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

These KPIs for the period ended 31 December 2022 are as follows:

	Period ended 8 November 2021 to 31 December 2022
Sales £'000	66,477
EBITDA £'000	1,693
Gross margin	65.50%
Debtor days	64
Group loss £'000	37,797

Employee engagement

The group supports the development of its employees through a combination of internal and external training. Many of our managers and team leaders have progressed from within the organisation.

Stakeholders

The group works hard to communicate its progress to its stakeholders. Key stakeholders include customers, employees, partners, suppliers, shareholders and our banks.

Customer Focus is a core value for the company leading to long term relationships with our customers, we engage with them on a regular basis to share progress, understand requirements and to ensure we are meeting their needs in addition to regular customer surveys measuring our performance.

Employees are valued and involved in decision making where applicable.

We operate with a high degree of integrity ensuring that employees, customers and suppliers are valued and understand their importance to us.

We take our interaction with the environment seriously and have a number of measures in place to mitigate our impact including reducing what we send to landfill and our carbon footprint in terms of travel.

Business Relationships

Regular discussions with all stakeholders ensure that decision making and strategy development by management is influenced by customers, colleagues and partners where applicable.

Future developments

The Directors expect the markets within which the group operates to continue exhibiting modest growth, shaped by a combination of evolving regulations, cost pressures, and an increasing awareness of the environment and a focus on crop yields. Looking forwards, the Directors believe that the group is well positioned to gain revenue share in many of its markets as it expands its footprint via investment in the following areas:

- organic growth via the offer of wider services to existing clients and new customers ;
- development of new technical testing and new methods to improve efficiencies;
- the acquisition of businesses complementary to the company's core service offering.

The group has established comprehensive business plans to execute this growth and ensure the business is able to generate sufficient profits and cash to cover its ongoing commitments

CAWOOD SCIENTIFIC HOLDINGS LIMITED


STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

s172 Statement

After due and careful consideration of the requirements set out in S172, and having regard to long-term consequences and the interests of stakeholders in relation to Board decision-making, the Directors, during the financial year ending December 31, 2022, have acted in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

Post balance sheet events

During December 2023 a loan provided to subsidiary company Cawood Scientific Ltd by the ultimate parent undertaking was settled in full in exchange for a capital contribution. The carrying value of the loan principle and accrued interest at 31 December 2022 was £17.6m



Mr. R McPheeters
Director

20 December 2023

CAWOOD SCIENTIFIC HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022

The directors present their report and financial statements for the period to 31 December 2022.

Principal activities

The principal activity of the company and group is of an independent provider of analytical testing and sampling services for land-based industries, with a well-established reputation for the provision of high quality accredited analytical testing and sampling services. The group's operations are conducted primarily within the United Kingdom, with limited operations in the Republic of Ireland, Switzerland, Spain, Czech Republic and the United States.

Results and dividends

The results for the period are set out in the financial statements commencing on page 13.

Directors

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

Mr R McPheeters (Appointed 12 November 2021)
Mr W Welch (Appointed 12 November 2021)

Research and development

During the period the group expensed £840,438 of R&D expenditure to profit or loss.

Employee involvement

The group's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor

Constantin were appointed as auditor on 17 October 2022.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

Energy and carbon reporting

The group presents its first Energy and Carbon report for the period commencing 8 November 2021 to 31 December 2022. The directors are committed to reducing energy consumption and carbon footprint, whilst complying with environmental laws. This report sets out the group's energy use and greenhouse gas ("GHG") data, which the group is required to provide in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Streamlined Energy and Carbon Report "SECR") Regulations 2018.

08/11/21 – 31/12/22	tCO2e	tCO2e %
Scope 1 (Direct Greenhouse gas emissions)	1,592.0	54%
Scope 2 (Energy indirect emissions)	1,317.7	45%
Scope 3 (Other indirect emissions)	23.4	1%
Gross Emissions	2,933.0	100%
Renewable Electricity	(212)	-7%
Exported Solar Electricity	(7)	0%
Carbon Offset Credits	-	-
Carbon Footprint	2,714.6	93%

Intensity Measure	Intensity Ratio
Scope 1 & 2 tCO2e/£M Revenue	43.8
Scope 1 & 2 tCO2e/FTE	3.6

Review of the Period

Through this calculation our gross carbon emissions for the period were found to be 2,933 tCO2e. In the reporting period we elected not to purchase carbon credit offsets.

The directors elect to use two measures which is a method of normalising our emissions that will allow comparison year-on-year and against other organisations both within and outside our industry. In the current period tCO2e per million pounds of revenue (tCO2e/£M) intensity measure was 43.8. In the current period the tCO2e per full time equivalent employees (tCO2e/FTE) intensity measure was 3.6.

- Scope 1 – Carbon emitted from building gas usage and company-owned vehicles.
- Scope 2 – Carbon emitted from our building electricity usage.
- Scope 3 – Carbon emitted from our employees' personal cars due to business travel.

Usage - period commencing 8 November 2021 to 31 December 2022

08/11/21 – 31/12/21	kWh	tCO2e	tCO2e % of Gross Total	% Renewable
Electricity	5,651,764	1,317.7	51.7%	16.08%
Natural Gas	6,685,835	1,229.2	48.3%	0%
Gross	12,337,599	2,547	100.0%	16.08%
Exported Solar Electricity	-28,545	-6.6	-0.3%	100%
Net	12,309,054	2,540	99.7%	-

CAWOOD SCIENTIFIC HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

Plan for Next Year

For our overall carbon emissions, the directors have elected to set a target based off our intensity ratios, with an aim to reduce both intensity ratios by 5%. These targets are based off our intensity ratios to show improvements in efficiency rather than allow for improvements that may not show the whole picture due to changes in operations, and potential changes in the organisational boundary.

Net Zero

Best practice to reduce environmental impact and carbon emissions is to reduce consumption and become as efficient as possible. We are currently introducing and building upon efficiencies throughout all different areas of our organisation, as well as making use of renewable energy and producing solar energy through our own solar panels.

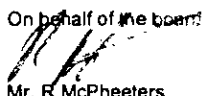
Strategic Report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments, principal activities, principal risks and uncertainties and post balance sheet events.

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, each director has taken all the necessary steps that they ought to have taken as a director 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. R. McPheeters
Director

20 December 2023

CAWOOD SCIENTIFIC HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom 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 group and company, 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 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAWOOD SCIENTIFIC HOLDINGS LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2022

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Cawood Scientific Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise

- the consolidated and parent company statements of financial position;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows;
- the related notes 1 to 33, which includes a statement of accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 group's and parent 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.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAWOOD SCIENTIFIC HOLDINGS LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2022

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 group's and the parent 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 group or the parent 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 for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation;
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias, and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business. In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

CAWOOD SCIENTIFIC HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAWOOD SCIENTIFIC HOLDINGS LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2022

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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



Mark Bathgate FCA (Senior Statutory Auditor)
For and behalf of Constantin
25 Hosier Lane
London
EC1A 9LQ
United Kingdom

Date: 20 December 2023

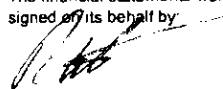
CAWOOD SCIENTIFIC HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	31 December 2022
		€000
Fixed assets		
Intangible assets	10	204,464
Tangible assets	11	13,627
Total fixed assets		<u>218,092</u>
Disposal Group Held for Sale	31	4,234
Current assets		
Stocks	13	1,251
Debtors	14	16,893
Cash and bank in hand		1,503
Total current assets		<u>19,647</u>
Creditors: amounts falling due within one year	15	<u>(19,782)</u>
Net current liabilities		<u>(135)</u>
Total assets less current liabilities		<u>222,191</u>
Creditors: amounts falling due after more than one year	16	<u>(113,044)</u>
Provisions for liabilities	19	<u>(25,831)</u>
Net assets / (liabilities)		<u>83,316</u>
Capital and reserves		
Called up share capital	22	-
Share premium account	23	120,000
Foreign currency translation		1,113
Profit and loss reserves	23	(37,797)
Total equity		<u>83,316</u>

Company Registration Number: 13730116

The financial statements were approved by the Board of Directors and authorised for issue on 20 December 2023. They were signed on its behalf by:



Mr. R. McPheeters
Director

CAWOOD SCIENTIFIC HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 December 2022
		£000
Fixed assets		
Investments	12	199,515
Goodwill		-
Total fixed assets		<u>199,515</u>
Current assets		
Debtors falling due after more than one year	14	1,040
Debtors falling due within one year	14	-
Cash at bank and in hand		-
Creditors: amounts falling due within one year		-
Net current assets		<u>1,040</u>
Total assets less current liabilities		<u>200,555</u>
Creditors: amounts falling due after more than one year	16	(92,475)
Provisions		
Net assets		<u>108,080</u>
Capital and reserves		
Called up share capital	22	-
Share premium account	23	120,000
Profit and loss reserves	23	(12,303)
Foreign currency translation reserve		383
Total equity		<u>108,080</u>

Company Registration Number: 13730116

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the period was £12,303,000

The financial statements were approved by the Board of Directors and authorised for issue on 20 December 2023.

They were signed on its behalf by:



Mr. R McPheeters
Director

CAWOOD SCIENTIFIC HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	For the period 8 November 2021 to 31 December 2022
		£000
Turnover	3	66,477
Cost of sales		<u>(22,933)</u>
Gross profit		43,544
Administrative expenses		(71,975)
Other operating income		<u>(10,662)</u>
Operating loss	6	(39,093)
Interest payable and similar expenses	8	<u>(3,986)</u>
Loss before tax		(43,079)
Tax on loss	9	5,133
Discontinued Operations	30	<u>149</u>
Loss for the period		<u>(37,797)</u>

Loss for the financial period is all attributable to the owners of the parent company.
Total comprehensive income for the year is all attributable to the owners of the parent company.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Profit and loss reserves	Foreign currency translation	Total equity
	£000	£000	£000		£000
Group					
At 8 November 2021	-	-	-	-	-
Issue of share capital	-	120,000			120,000
Loss and total comprehensive income for the period 8 November - 31 December 2021			(2,610)		(2,610)
Foreign Currency translation				38	38
At 31 December 2021	-	120,000	(2,610)	38	117,429
Issue of share capital					
Loss and total comprehensive income for the period			(35,187)		(35,187)
Foreign Currency translation				1,074	1,074
At 31 December 2022	-	120,000	(37,797)	1,113	83,316

	Share capital	Share premium account	Profit and loss reserves	Foreign currency translation	Total equity
	£000	£000	£000	£000	£000
Company					
At 8 November 2021					
Total comprehensive income for the period			(12,303)	383	(11,920)
Issue of share capital	-	120,000			120,000
At 31 December 2022	-	120,000	(12,303)	383	108,080

CAWOOD SCIENTIFIC HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	Period ended 31 December 2022 £000
Cash flows from operating activities		
Cash consumed by operations	24	(7,182)
Interest paid		(258)
Income taxes paid		(166)
Net cash outflow from operating activities		<u>(7,605)</u>
Investing activities		
Purchase of businesses		(75,218)
Purchases of intangible assets		(119,000)
Purchases of tangible fixed assets		(13,627)
Proceeds of disposal of tangible fixed assets		1
Net cash used in investing activities		<u>(207,844)</u>
Financing activities		
Proceeds from issue of shares		120,000
Proceeds from borrowings		97,066
Proceeds of new bank loans		-
Repayment of bank loans		-
Repayment of loan notes		-
Net payment of finance lease obligations		(114)
Net cash generated from financing activities		<u>216,953</u>
Net (decrease)/increase in cash and cash equivalents		1,503
Cash and cash equivalents at start of year		-
Cash and cash equivalents at end of year		<u><u>1,503</u></u>
Relating to:		
Cash at bank and in hand		1,503
Bank overdrafts (creditors < 1 year)		<u><u>-</u></u>

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Cawood Scientific Holdings Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Coopers Bridge, Braziers Lane, Winkfield, Berkshire, RG42 6NS.

The group consists of Cawood Scientific Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Strategic Report.

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 group. Monetary amounts in these financial statements are rounded to the nearest £000.

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

The 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 for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments';
- Section 12 'Other Financial Instrument Issues' – Carrying amounts, 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 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Cawood Scientific Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Going concern

Ensign Bickford industries Inc. ("the ultimate parent undertaking"), which effectively owns 100% of the share capital of the Company, undertakes to provide financial support to the Company and its subsidiaries. The directors have prepared forecasts for the group for a period of 12 months from the date of approval of these financial statements. These forecasts take account of reasonable possible changes in trading performance in all areas of the business and cashflow actions required should they be needed.

Therefore based on the above, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Reporting Period

The Group was acquired by Ensign-Bickford Industries Inc ("EBI") on 12 November 2021. The acquisition was structured through the incorporation and capitalisation of CSHL on 8 November 2021. The reporting period covers the period commencing 8 November 2021 through to 31 December 2022.

Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts.

All income and charges relating to the financial period to which the accounts relate have been taken into account, irrespective of the date of receipt or payment.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

Intangible fixed assets – goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years. For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity. Amortisation 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:

Software	20% straight line
Customer lists	10% straight line
Trademarks	10% straight line
Development costs	20% straight line

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.

Freehold land and buildings	2% to 12.5% straight line
Leasehold improvements	10% straight line or life of lease (whichever is shorter)
Plant and equipment	12.5% to 33% straight line
Fixtures and fittings	15% to 33% straight line
Computers	33% straight line

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.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making provisions for obsolete and slow moving items.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its net realisable value is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group 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 when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

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.

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other 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.

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

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the period. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Critical judgements

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

Amounts recoverable on contracts

The group's customer contracts extend over the reporting date giving rise to amounts recoverable on contracts. The company makes estimates and assumptions as to the stage of completion of these contracts based on the average stage of completion of all contracts underway at the reporting period end. The group also makes estimates and assumptions as to the stage of completion of these contracts by assessing the percentage complete based on reaching internally set milestones.

Dilapidations provisions

In calculating the provision required in respect of dilapidations, management makes judgements as to the likelihood of the group being required to fulfil their obligation and provides for this accordingly.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty (continued)

Recoverability of group balances

Estimates are made relating to the recoverability of intercompany debtor balances to reflect unrecoverable amounts due to known defaults and defaults incurred but not reported at the period end. The directors consider the solvency and future trading forecasts of subsidiaries to determine whether the group company balances are impaired. The directors have assessed that no provision against intercompany balances outstanding at the reporting date is required.

Impairment of investments in subsidiaries

The recoverable amount of investments is based on future cash flows for the individual investments. In determining whether any impairment is required, management makes a number of estimates in respect of future cash flows and future earnings growth. Following their assessment and review, the directors have determined no impairment is necessary.

Valuation of goodwill

The annual amortisation charge is based on the expected useful economic life of goodwill. The useful life of goodwill is estimated based on the expected life in which benefits to the company are expected to be felt. Goodwill is reviewed for impairment on an annual basis. Management makes a number of estimates in respect of expected future cash flows of business units and future earnings growth into perpetuity using an appropriate discount rate applicable to the group. Following their assessment and review, the directors have determined no impairment is necessary.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Depreciation and useful economic life

The depreciation and amortisation charges, in respect of intangible and tangible fixed assets, are based upon estimates of the useful economic lives of the assets involved. Useful economic life is assessed initially upon acquisition of the asset and therefore reviewed annually taking into account any revisions of future use of those assets. The judgements involved are informed by historical experience in relation to similar assets.

Deferred tax

Deferred tax assets and liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable. The directors have determined a deferred tax asset of £1,767,000 and a deferred tax liability of £26,648,000 to be recognised in these financial statements.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

3 Turnover

There is one category of turnover within the Group, analytical testing services.
An analysis of turnover for the Group is given below:

	Period ended 31 December 2022
	£000
United Kingdom	48,624
Europe	13,408
Rest of the world	4,445
	<u>66,477</u>

4 Employees

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

	Group 31 December 2022 Number	Company 31 December 2022 Number
Administration and management	222	-
Technical	586	-
Total	<u>808</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 31 December 2022 £000	Company 31 December 2022 £000
Wages and salaries	34,840	-
Social Security costs	1,794	-
Pension costs	586	-
Total	<u>37,220</u>	<u>-</u>

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

5 Directors' remuneration

The Directors of CSHL are employed by the ultimate parent undertaking and do not receive remuneration from CSHL or any of its subsidiaries.

6 Operating loss

	Period ended 31 December 2022
Operating loss is stated after charging/(crediting):	£000
Exchange differences apart from those arising on financial instruments	11,001
Research and development costs	840
Government grants	12
Depreciation of owned tangible fixed assets	1,549
Depreciation of tangible fixed assets held under finance leases	148
(Profit)/loss on disposal of tangible fixed assets	3
Amortisation of intangible assets	25,862
Operating lease charges	6,927
	<hr/> 46,342

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

7 Auditor's remuneration

	Period ended 31 December 2022
	£000
Fees for audit services	
Audit of the consolidated financial statements	150
Audit of financial statements of the company's subsidiaries	-
	<hr/>
	150
Total audit fees	<hr/>
 Fees for other services	
Audit-related assurance services	-
Taxation compliance services	-
All other non-audit services	-
	<hr/>
Total non-audit fees	-
	<hr/>

8 Interest payable and similar expenses

	Period ended 31 December 2022
	£000
Financial expenses	
Interest on Loan notes	3,714
Amortisation of capitalised loan cost	10
HP Interest	86
Bank monitoring fee	3
Interest on bank overdrafts and loans	23
Interest payable to group undertakings	-
Other interest on financial liabilities	-
Bank charges	150
	<hr/>
	3,986
	<hr/>

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

9 Taxation

Tax on the loss for the year comprises current and deferred tax.

	Period ended 31 December 2022
Current tax	£000
UK corporation tax on profits for the current period	18
Adjustments in respect of prior periods	-
Group tax relief	
Other taxes	(65)
Adjustments in respect of prior periods	
Other taxes	84
Total current tax credit	<u>38</u>
Deferred tax	
Origination and reversal of temporary differences	(3,374)
Adjustments in respect of prior periods	(629)
Changes in tax rates	(1,198)
Total deferred tax	<u>(5,201)</u>
Tax credit for the period	<u><u>(5,163)</u></u>

A tax credit of £30,000 pertains to the Disposal Group and is presented in Discontinued operations in the income statement.

The total tax credit for the period included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	Period ended 31 December 2022
	£000
Loss before taxation	<u>(43,079)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (prior period 19%)	(8,185)
Tax effect of expenses that are not deductible in determining taxable profit	4,477
Tax effect of income not taxable in determining taxable profit	
R&D Expenditure credit	(10)
Unutilised tax losses carried forward	-
Change in unrecognised deferred tax assets	217
Adjustments in respect of prior years	(453)
Effect of change in corporation tax rate	(1,238)
Other permanent differences	-
Under/(over) provided in prior years	-
Deferred tax adjustments in respect of prior years	
Fixed asset differences	-
Other Taxes	28
	<u><u>(5,163)</u></u>

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

9 Taxation (Continued)

Finance Act 2020, which was substantively enacted on 11 March 2020, maintained the corporation tax rate at 19% until 31 March 2023. Finance Act 2021, which was substantively enacted on 24 May 2021, has enacted an increase in the UK corporation tax main rate to 25% from 1 April 2023. As this rate change had been substantively enacted before the balance sheet date, the closing deferred tax assets and liabilities have been calculated at 25%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

10 Intangible fixed assets

Group	Goodwill	Customer Lists	Trademarks	Total
Cost	£000	£000	£000	£000
At 8 November 2021	-	-	-	-
Acquired via business combinations	114,875	110,000	9,000	233,875
Disposal group held for sale	(3,943)			(3,943)
At 31 December 2022	110,932	110,000	9,000	229,932
Amortisation and impairment				
At 8 November 2021	-	-	-	-
Amortisation charged for the period	12,924	12,269	669	25,862
Impairment charged for the period				-
Disposal group held for sale	(394)			(394)
At 31 December 2022	12,529	12,269	669	25,468
Net book value				
At 31 December 2022	98,403	97,731	8,331	204,464

Amortisation on intangible assets is charged to administration expenses.

CAWQOD SCIENTIFIC HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

11 Tangible fixed assets

Group	Freehold land and buildings £000	Buildings and improvements £000	Machinery & Equipment £000	Vehicles £000	Furniture and fittings £000	Computers £000	Leasehold improvement £000	Construction in Progress £000	Total £000
Cost									
At 8 November 2021	-	-	-	-	-	-	-	-	-
Acquired via business combination on 12 Nov 2021	848	1,442	14,749	85	1,832	755	1,010	-	20,561
Acquired via business combination during the period	-	-	1,480	244	689	-	290	-	2,682
Additions	8	893	4,148	44	279	323	113	-	5,806
Disposals	-	(239)	(739)	(88)	8	(1)	(143)	-	(464)
Transfers	-	-	-	-	-	-	-	-	-
Disposal group held for sale (note 31)	-	-	(861)	(188)	(702)	-	-	-	(1,751)
At 31 December 2022	856	2,335	19,254	79	1,903	1,077	1,269	-	26,722
Depreciation									
At 8 November 2021	-	-	-	-	-	-	-	-	-
Acquired via business combination on 12 Nov 2021	-	427	7,271	44	553	380	306	-	9,081
Acquired via business combination during the year (IAS and EMS)	-	-	981	146	382	-	39	-	1,549
Depreciation charged in the period	-	365	3,257	45	386	121	77	-	4,241
Eliminated in respect of disposals	-	(22)	(332)	(53)	-	-	(20)	-	(427)
Transfers	-	-	(75)	-	-	-	-	-	(75)
Disposal group held for sale	-	-	669	(124)	(430)	-	-	-	(1,223)
At 31 December 2022	-	760	10,433	57	991	502	403	-	13,146
Net book value									
At 31 December 2022	856	1,575	8,822	22	911	575	866	-	13,576

The carrying amount of the Group's property, plant and equipment includes an amount of £303,000 in respect of assets held under finance leases, all of which are included within plant and machinery. The depreciation charge for the current period was £148,000.

Depreciation on tangible assets is charged to administrative expenses.

12 Fixed asset investments

	Company 31 December 2022 £000
Investments in subsidiaries	199,515

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

12 Fixed asset investments (continued)

Name of subsidiary	Nature of business	Class of shares held	Ownership %
Meritas Scientific Holdings Limited	Holding company	Ordinary	100% (Direct)
Meritas Scientific Limited	Holding company	Ordinary	100% (Indirect)
Meritas Group Holdings Limited	Holding company	Ordinary	100% (Indirect)
Meritas Group Limited	Holding company	Ordinary	100% (Indirect)
Meritas Development Limited	Holding company	Ordinary	100% (Indirect)
Cawood Scientific Limited	Analytical testing	Ordinary	100% (Indirect)
Enital Limited	Analytical testing	Ordinary	100% (Indirect)
Mambo-Tox Limited	Dormant	Ordinary	100% (Indirect)
Natural Resource Management Limited	Dormant	Ordinary	100% (Indirect)
Sci-Tech Laboratories Limited	Dormant	Ordinary	100% (Indirect)
Sci-Tech Ireland Limited	Dormant	Ordinary	100% (Indirect)
Sciartec Analytical Services Limited	Dormant	Ordinary	100% (Indirect)
Marchwood Scientific Services (Holdings) Limited	Holding company	Ordinary	100% (Indirect)
Marchwood Scientific Services Limited	Technical testing and analysis	Ordinary	100% (Indirect)
The Environmental Laboratory Limited	Environmental testing	Ordinary	100% (Indirect)
I2L Research Limited	Analytical research	Ordinary	100% (Indirect)
Innovative Environmental Services	Environmental testing	Ordinary	100% (Indirect)
Express Microbiology Limited*	Analytical testing	Ordinary	100% (Indirect)
Independent Analytical Supplies Limited	Analytical testing	Ordinary	100% (Indirect)
Chemtech Limited	Analytical testing	Ordinary	100% (Indirect)

The registered office for all of the above subsidiaries except Innovative Environmental Services is Coopers Bridge, Braziers Lane, Winkfield Row, Bracknell, Berkshire, RG42 6NS.

Innovative Environmental Services is a Swiss company registered at Benkenstrasse 260, 4108 Witterswil, Switzerland

*During January 2023, subsidiary company Cawood Scientific Limited completed the sale of Express Microbiology Limited.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

13 Stocks

	Group 31 December 2022 £000	Company 31 December 2022 £000
Consumables	1,251	-

14 Debtors

	Group 31 December 2022 £000	Company 31 December 2022 £000
Amounts falling due within one year		
Trade debtors	10,999	-
Gross amounts owed by contract customers	2,711	-
Corporation tax recoverable	-	-
Amounts owed by group undertakings	-	-
Other debtors	702	-
Prepayments and accrued income	2,482	-
Deferred tax asset (note 20)	-	-
	16,893	-
Amounts falling due after more than one year:		
Deferred tax asset	-	1,040
Amounts owed by group undertakings	-	-
	-	1,040

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

15 Creditors: amounts falling due within one year

	Group	Company
	31 December 2022	31 December 2022
	£000	£000
Amounts falling due within one year		
Bank loans and overdrafts	-	-
Obligations under finance leases	248	-
Other borrowings	139	-
Payments received on account	-	-
Trade creditors	0	-
Corporation tax payable	330	-
Other taxation and social security	3,664	-
Other creditors	4,814	-
Accruals and deferred income	10,588	-
	<u>19,782</u>	<u>-</u>

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

16 Creditors: amounts falling due after more than one year

	Group	Company
	31 December 2022	31 December 2022
	£000	£000
Bank loans and overdrafts	697	-
Obligations under finance leases	59	-
Other borrowings	-	-
Loans from group undertakings	112,288	92,475
	<u>113,043</u>	<u>92,475</u>

17 Borrowings

	Group	Company
	31 December 2022	31 December 2022
	£000	£000
Bank loans	-	-
Bank overdrafts	-	-
Loans from group undertakings	112,288	-
Other loans	-	-
	<u>112,288</u>	<u>-</u>
Payable within one year	-	-
Payable after one year	112,288	-
	<u>112,288</u>	<u>-</u>

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

18 Finance lease obligations

	Group	Company
	31 December 2022	31 December 2022
	£000	£000
Future minimum lease payments due under finance leases:		
Less than one year	248	-
Between one and five years	59	-
	<u>307</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is four years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Provisions for liabilities

	Group	Company
	31 December 2022	31 December 2022
	£000	£000
Dilapidations provision	950	-
Deferred tax liabilities (note 20)	24,881	-
	<u>25,831</u>	<u>-</u>

Movements on dilapidations provisions:

	Group
	31 December 2022
	£000
Dilapidations provisions	
At 8 November 2021	-
Assumed through business combination	950
	<u>950</u>
At 31 December 2022	

In calculating the provision required in respect of dilapidations, management makes judgements as to the likelihood of the group being required to fulfil their obligation and provides for this accordingly. Dilapidation provisions are recognised where management deem there to be a present obligation and a probable future outflow of economic benefit which can be measured reliably. Management make these determinations based on dilapidation surveys undertaken by Chartered Surveyors.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

20 Deferred taxation

	31 December 2022	31 December 2022	31 December 2022
	Assets	Liabilities	Net
	£000	£000	£000
Group			
Fixed Assets		(132)	(132)
Intangibles	50	(26,515)	(26,465)
Accelerated capital allowances			
Tax losses	1,492		1,492
Other short term timing differences	225		225
	<u>1,767</u>	<u>(26,648)</u>	<u>(24,881)</u>

The company has no deferred tax assets or liabilities at 31 December 2022

	Group
	2021
	£000
Movements in period	
At 1 January 2022	(439)
Acquired via business combinations	(29,869)
Current period movement	3,570
Prior period adjustments	629
Effect of change in effective tax rates	1,238
Deferred Tax not recognised	(217)
Currency Translation Adjustment	207
At 31 December 2022	<u>(24,881)</u>

The deferred tax liability set out above is expected to reverse within the foreseeable future and relates to accelerated capital allowances that are expected to mature within the same period.
The deferred tax asset set out above is expected to reverse within the foreseeable future and relates to the utilisation of tax losses against future expected profits of the same period.
Deferred tax is not recognised in respect of tax losses of £268,031 as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

21 Retirement benefit schemes

Group	31 December 2022
Defined contribution schemes	£000
Charged to the profit and loss account in the period	586

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the reporting date the group had amounts of £112,050, whilst the company had £nil, remaining outstanding and included within accruals

22 Share Capital

	Group and Company	
	31 December 2022 Number	31 December 2022 £000
Ordinary share capital issued and fully paid		
Ordinary shares of 1p each	101	120,000
	<u>101</u>	<u>120,000</u>

Ordinary' shares carry no right to fixed income, and carry the right to one vote at general meetings of the company

23 Reserves

Share Premium

This represents consideration received for shares issues above their nominal value net of transaction costs.

Profit and loss reserves

The represents the cumulative profit and loss net of distributions to owners.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

24 Cash generated from group operations

	For the period 8 November 2021 to 31 December 2022 £000
Loss for the year after tax	(37,797)
Adjustments for:	
Taxation credited	(5,133)
Finance costs	3,986
Gain on disposal of tangible fixed assets	-
Amortisation and impairment of intangible assets	25,634
Depreciation and impairment of tangible fixed assets	4,490
Increase in provisions	-
Foreign exchange loss	11,001
Movements in working capital:	
(Increase)/decrease in stocks	(1,251)
(Increase)/decrease in debtors	(16,893)
Increase/(decrease) in creditors	19,782
Foreign exchange on Creditors' amounts falling due after more than year	(11,001)
Cash consumed by operations	(7,182)

25 Analysis of changes in net debt

	For the period 8 November 2021 to 31 December 2022 £000
Cash at bank and in hand	1,503
Bank overdrafts	-
	<u>1,503</u>
Borrowings (excluding overdrafts)	(697)
Obligations under finance leases	(59)
	<u>747</u>

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

26 Operating lease commitments

The Group leases various property, plant and equipment under non cancellable operating lease agreements. Undiscounted total future minimum lease rentals payable under non cancellable operating leases are as follows:

	Group 31 December 2022 £000	Company 31 December 2022 £000
Group		
Within one year	1,708	-
Between one and five years	4,553	-
After five years	665	-
	<u>6,927</u>	<u>-</u>

27 Events after the balance sheet date

During January 2023, subsidiary company Cawood Scientific Limited completed the sale of Express Microbiology Limited.

During December 2023 a loan provided to subsidiary company Cawood Scientific Ltd by the ultimate parent undertaking was settled in full in exchange for a capital contribution. The carrying value the loan principle and interest at 31 December 2022 was £17.6m.

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

28 Related party transactions

Transactions with related parties during the current and prior periods are summarised in the table below:

	Group 31 December 2022	Company 31 December 2022
Interest expense	Interest expense	
£000	£000	
Transactions with related parties		
Group		
Entities with control or significant influence over the Group	(1,644)	(1,069)
	<u>(1,644)</u>	<u>(1,069)</u>

The table below shows the amounts owed to related parties at 31 December 2021 and at 31 March 2021:

Amounts owed to related parties	31 December 2022
Group	£000
Entities with control or significant influence over the Group	(112,288)
	<u></u>
Amounts owed to related parties	31 December 2022
Company	£000
Entities with control or significant influence over the Company	(1,069)
	<u></u>

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

29 Business combinations

During the period, the Group acquired three businesses: Chemtech Environmental Limited, Express Microbiology Limited, and Independent Analytical Supplies Limited.

All three businesses, i.e., Chemtech Environmental Limited, Express Microbiology Limited, and Independent Analytical Supplies Limited are analytical testing businesses.

The combined Goodwill calculation for the three acquisitions is summarised below:

	Book value	Measurement adjustments	Fair Value at acquisition
	£000	£000	£000
Acquiree's net assets at acquisition date:			
Property, plant and equipment	2,548	(100)	2,448
Inventories	152	(42)	110
Cash	1,107	-	1,107
Trade and other receivables	1,612	(152)	1,460
Trade and other payables	(956)	(699)	(1,655)
Corporation tax	(355)	(251)	(606)
Hire purchase liabilities	(215)	(85)	(300)
Loans	(726)	-	(726)
Deferred tax liabilities	(119)	-	(119)
Net identifiable assets	3,048	(1,329)	1,719
Goodwill on acquisition			11,070
Consideration (including acquisition fees)			12,789

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

30 Business combinations

The Group was acquired by Ensign-Bickford Industries Inc ("EBI") on 12 November 2021. The acquisition was structured through the incorporation and capitalisation of CSHL on 8 November 2021. CSHL acquired 100% of the share capital of Meritas Scientific Holdings Limited on 12 November 2021.

The purchase price allocation for the consideration transferred to obtain control of Meritas Scientific Holdings Limited is set out in the table below.

	Book value £000	Measurement adjustments £000	Fair Value at acquisition £000
Acquiree's net assets at acquisition date:			
Property, plant and equipment	10,760	(1,408)	9,352
Intangible assets	-	123	123
Inventories	3,200	(84)	3,116
Other Current assets	2,378	(9)	2,369
Other Assets	(11)	(430)	(441)
Cash	1,924		1,924
Trade and other receivables	7,416	(207)	7,210
Trade and other payables	(15,029)	(6,699)	(21,728)
Customer relationships		110,000	110,000
Trademark and trade name		9,000	9,000
Deferred tax liabilities	(23,991)		(24,728)
Net identifiable assets	(13,353)	110,286	96,196
Goodwill on acquisition			103,804
Consideration (including acquisition fees)			200,000

CAWOOD SCIENTIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

31 Disposal Group Held for Sale/ Discontinued Operations

On 10 January 2023, subsidiary company Cawood Scientific Limited executed an agreement for the sale of the entire issued share capital of Express Microbiology Limited ("EMS"). As at the reporting date, the subsidiary was available for immediate sale and the sale was highly probable. The carrying value of the net assets held Express Microbiology at the reporting date is set out below. The sale price for EMS exceeded the carrying value, as such the carrying value of the disposal group have not been adjusted.

	Carrying value at 31 December 2022
	£000
Disposal Group Held for Sale	
Goodwill	3,549
Tangible Assets	530
Trade and Other Debtors	679
Prepays/Other	152
Cash	217
ST Loans	(68)
LT Loans	(19)
Trade and Other Payables	(271)
Accruals	(195)
Corporation tax - current	(239)
Corporation tax - Deferred	(100)
Net Carrying value classified as Disposal Group Held for Sale	<u>4,234</u>

32 Ultimate controlling party

The company's immediate parent undertaking is Envirologix, Inc., a company incorporated in the United States of America. The largest group in which the results of the company are consolidated is that headed by Ensign-Bickford Industries Inc. which is the ultimate parent undertaking.

33 Subsidiaries Exempt from Audit by Parent Guarantee

For the period ending 31 December 2022, the following subsidiaries are exempt from audit under s479A-479C of the Companies Act 2006, by virtue of the guarantee given under s479C having the effect that the company guarantees all outstanding liabilities to which the subsidiaries are subject at the end of the financial period to which the guarantee relates, until they are satisfied in full, and the guarantee is enforceable against the company by any person to whom the subsidiary is liable in respect of those liabilities.

Name of subsidiary	Registered Number
Meritas Scientific Holdings Limited	12086431
Meritas Scientific Limited	12088421
Meritas Group Holdings Limited	10586756
Meritas Group Limited	10524197
Meritas Developments Limited	07246160
Cawood Scientific Limited	05655711
Enital Limited	02589078
The Environmental Laboratory Limited	03882193
Q2L Research Limited	02926939
Marchwood Scientific Services Limited	03604766
Chemtech Environmental Limited	04284013
Marchwood Scientific Services (Holdings) Limited	07759478