

Company Registration No. 05655711 (England and Wales)

CAWOOD SCIENTIFIC LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021

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CAWOOD SCIENTIFIC LIMITED

COMPANY INFORMATION

Directors	Mr N J Patrick Mrs L J Radnor Lord Curry of Kirkharle Mr S Parrington Mr J H Smith Mr S R Stevenson Mr M Hanson
Secretary	A G Secretarial Limited
Company number	05655711
Registered office	Coopers Bridge Braziers Lane Winkfield Berkshire RG42 6NS
Auditor	RSM UK Audit LLP Chartered Accountants Third Floor One London Square Cross Lanes Guildford Surrey GU1 1UN

CAWOOD SCIENTIFIC LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021, 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 Limited is part of the Meritas Scientific Holdings Limited group.

Principal activities and 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 operates through nine separate divisions, offering a complete analytical solution to our customers across the agricultural, animal nutrition, horticultural, amenity, environmental and related industries.

During the year, the group added talented people to our Company in order to ensure we are well placed to achieve our ambitions. We also saw a significant investment in our IT infrastructure and organisational capabilities to build a strong base for sustainable growth and to improve long term quality of earnings.

During the year all colleagues worked together to ensure we maintained customer service during the pandemic, Covid-19. We also made considerable progress with our key projects including the experience for colleagues working in the group, our branding and our financial systems. Our operations teams started a number of innovation projects that will see new tests introduced further meeting our customers needs.

For the year ended 31 March 2021, the group has reported a loss of £1,917,313 (2020: £857,486) and net assets of £4,877,346 (2020: £6,794,659).

Principal risks and uncertainties

The group operates in the analytical testing sector focusing on land-based materials, animal nutrition products 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. Although financial risks are considered to be minimal at present, future interest rate, liquidity and foreign currency risks could arise and the board will continue to monitor these risks in the new financial year.

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.

Financial risk

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

Development and performance

The group uses a number of measures to address performance. The key measures involve profitability, working capital and efficiency. The main measures are sales, gross margin % and debtor days. These KPIs for the period ended 31 March 2021 are as follows:

	2021	2020
Sales	£27,725,348	£17,641,646
Gross margin	79.6%	77.8%
Debtor days	95.6 days	69 days
Group loss	£1,917,313	£857,486

CAWOOD SCIENTIFIC LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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. We are currently investing in our Human Resources team to further improve our commitment to employee development and well being.

Stakeholders

The group works hard to communicate its progress to its stakeholders. Key stakeholders include customers, employees, partners, suppliers, investors 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 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, our culture is open, our strategy and progress is openly shared.

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.

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

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 believe the market will continue to evolve, driven by a combination of regulation, cost, 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 group's core service offering.

The group has established comprehensive business plans to ensure it has sufficient information relating to the business and its ability to generate sufficient profits and cash to cover its ongoing commitments.

Covid-19

The impact of COVID-19 on the company has decreased with the vaccine rollout and trade has returned to pre-COVID-19 levels. The directors continue to review the impact of COVID-19 on the company and react accordingly. The directors believe that the company has sufficient prospect of trade and cash reserves to continue to trade for a period of no less than twelve months from the approval of these financial statements.

The directors consider the group to be a going concern on the basis detailed in note 1.

CAWOOD SCIENTIFIC LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

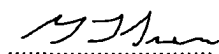
Post balance sheet events

On 9 June 2021, Cawood Scientific Limited entered into an agreement to purchase the entire share capital of Environmental Laboratory Limited for a total consideration of £2,173,386, to be paid on completion of the sale.

On 29 June 2021, Cawood Scientific Limited entered into an agreement to purchase the entire share capital of i2L Research Ltd for an initial consideration of £2,181,910, to be paid on completion of the sale, and deferred and contingent consideration up to a maximum of £983,000.

Overall, management assesses the direct impacts on the company to be minimal in the short term. No significant changes to the company's operations are expected.

On behalf of the board



Mr M Hanson

Director

Date: 06/09/21

CAWOOD SCIENTIFIC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

Mr N J Patrick
Mrs L J Radnor
Lord Curry of Kirkharle

Mr R Bell	(Resigned 17 July 2020)
Mr S Parrington	(Appointed 17 July 2020)
Mr J H Smith	(Appointed 17 July 2020)
Mr S R Stevenson	(Appointed 17 July 2020)
Mr M Hanson	(Appointed 5 October 2020)

Research and development

During the period the group expensed £11,915 of R&D expenditure to profit or loss.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, 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

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

CAWOOD SCIENTIFIC LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Energy and carbon reporting

Objectives:

Reduce Carbon Intensity Ratio by 5%

01/04/20 – 31/03/21	tCO2e	tCO2e %
Scope 1	522.4	48%
Scope 2	554.9	50%
Scope 3	21.6	2%
Gross Emissions	1,098.8	100%
Renewable Electricity	(118.5)	(11%)
Exported Solar Electricity	(10.3)	(1%)
Carbon Offset Credits	(1,000.0)	(91%)
Carbon Footprint	-30.0	-3%

Intensity Measure	Intensity Ratio	Intensity Ratio Target
Scope 1 & 2 tCO2e/£M Revenue	38.7	36.8
Scope 1 & 2 tCO2e/FTE	2.4	2.3

Review of the Year

This year we calculated our carbon footprint, allowing us to understand the major carbon emission areas of our business and create a benchmark to measure against future emissions. Our carbon footprint includes emissions for which we are financially responsible, which includes scope 1, scope 2 and partial scope 3 emissions*. Through this calculation our gross carbon emissions for the year were found to be 1,099 tCO2e, however due to our use of renewable electricity, producing our own solar electricity which we export back to the grid, and purchasing carbon offset credits our net carbon footprint is -30 tCO2e.

We also measured our intensity ratios this year, this is a method of normalising our emissions that allows comparison year-on-year and against other organisations both within and without our industry. We have used two measures, tCO2e per million pounds of revenue (tCO2e/£M) and tCO2e per full time equivalent employees (tCO2e/FTE), measuring 38.7 tCO2e/£M and 2.4 tCO2e/FTE respectively.

*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

01/04/20 – 31/03/21	kWh	tCO2e	tCO2e % of Gross Total	% Renewable
Electricity	2,380,016	554.9	99.6%	21%
Natural Gas	11,020	2.0	0.4%	0%
Gross	2,391,036	556.9	100.0%	21%
Exported Solar Electricity	(44,255)	(10.3)	(0.9%)	100%
Net	2,346,781	546.6	99.1%	-

The group measured our energy usage from our buildings this year and found we used 2,380,016 kWh of electricity and 11,020 kWh of gas. This amounts to emissions of 556.9 tonnes of carbon equivalent (tCO2e), however 21% of our electricity is from renewable and low carbon sources, meaning there are no associated emissions. On top of this we have solar panels at one of our sites, and any surplus electricity they produce that we do not use we export back to the grid. This year we exported 44,255 kWh of electricity back to the grid. Reducing our net emissions by a further 10.3 tCO2e.

CAWOOD SCIENTIFIC LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Plan for Next Year

For our overall carbon emissions, we decided to set a target based off our intensity ratios, with an aim to reduce both intensity ratios by 5% from 38.7 tCO₂e/£M to 36.8 tCO₂e/£M and 2.4 tCO₂e/FTE to 2.3 tCO₂e/FTE. 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, particularly in the wake of the pandemic.

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. As we work further towards more responsible business practices, we have also decided to mitigate our immediate impact by purchasing verified carbon offset credits. This year we purchased 1,000 tCO₂e of carbon offset credits to offset our residual emissions, meaning this year we are Carbon Negative, taking out 30 tCO₂e more from the atmosphere than we put in.

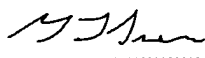
Strategic Report

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 M Hanson
Director

Date: 06/09/21.....

CAWOOD SCIENTIFIC LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAWOOD SCIENTIFIC LIMITED

Opinion

We have audited the financial statements of Cawood Scientific Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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 group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent 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 group's or the 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.

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAWOOD SCIENTIFIC LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAWOOD SCIENTIFIC LIMITED (CONTINUED)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliance which may have a material impact on the financial statements which included reviewing financial statements disclosures and evaluating advice received from tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are the company and group UKAS accreditations. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the recognition of income on testing spanning the year end and using tests of detail and analytical procedures to consider the recognition of revenue generated in cash, which includes reviewing whether events occurring up to the date of the auditor's report support the year end recognition.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

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



Jonathan Da Costa FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
One London Square
Cross Lanes
Guildford
Surrey, GU1 1UN
08/09/2021

CAWOOD SCIENTIFIC LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	27,725,348	23,425,459
Cost of sales		(5,648,404)	(5,325,804)
Gross profit		22,076,944	18,099,655
Administrative expenses		(23,562,730)	(18,645,600)
Other operating income		462,465	-
Operating loss	6	(1,023,321)	(545,945)
Interest payable and similar expenses	8	(896,379)	(84,383)
Loss before taxation		(1,919,700)	(630,328)
Tax on loss	9	2,387	(227,158)
Loss for the financial year		(1,917,313)	(857,486)

Loss for the financial year 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 LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	10	13,038,767		15,243,153	
Other intangible assets	10	129,144		88,754	
Total intangible assets		13,167,911		15,331,907	
Tangible assets	11	5,816,417		6,510,487	
		18,984,328		21,842,394	
Current assets					
Stocks	14	724,938		704,033	
Debtors	15	6,806,031		6,552,163	
Cash at bank and in hand		1,220,320		1,681,756	
		8,751,289		8,937,952	
Creditors: amounts falling due within one year	16	(13,464,772)		(15,028,265)	
Net current liabilities		(4,713,483)		(6,090,313)	
Total assets less current liabilities		14,270,845		15,752,081	
Creditors: amounts falling due after more than one year	17	(8,853,691)		(8,485,432)	
Provisions for liabilities	20	(539,808)		(471,990)	
Net assets		4,877,346		6,794,659	
Capital and reserves					
Called up share capital	23	721,429		721,429	
Share premium account	24	1,678,571		1,678,571	
Profit and loss reserves	24	2,477,346		4,394,659	
Total equity		4,877,346		6,794,659	

The financial statements were approved by the board of directors and authorised for issue on 06/09/21
and are signed on its behalf by:



Mr M. Hanson
Director

CAWOOD SCIENTIFIC LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	10	8,713,803		10,105,990	
Other intangible assets	10	110,587		64,337	
Total intangible assets		8,824,390		10,170,327	
Tangible assets	11	3,830,013		3,958,236	
Investments	12	13,699,052		13,699,052	
		26,353,455		27,827,615	
Current assets					
Stocks	14	440,613		456,607	
Debtors	15	3,570,667		3,408,867	
Cash at bank and in hand		832,864		1,193,270	
		4,844,144		5,058,744	
Creditors: amounts falling due within one year	16	(15,537,518)		(16,676,411)	
Net current liabilities		(10,693,374)		(11,617,667)	
Total assets less current liabilities		15,660,081		16,209,948	
Creditors: amounts falling due after more than one year	17	(8,574,700)		(7,974,191)	
Provisions for liabilities	20	(329,283)		(293,127)	
Net assets		6,756,098		7,942,630	
Capital and reserves					
Called up share capital	23	721,429		721,429	
Share premium account	24	1,678,571		1,678,571	
Profit and loss reserves	24	4,356,098		5,542,630	
Total equity		6,756,098		7,942,630	

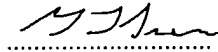
As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £1,186,532 (2020 - £10,197 profit).

CAWOOD SCIENTIFIC LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2021

The financial statements were approved by the board of directors and authorised for issue on 06/09/21
and are signed on its behalf by:



Mr M Hanson
Director

CAWOOD SCIENTIFIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2019	721,429	1,678,571	5,252,145	7,652,145
Year ended 31 March 2020:				
Loss and total comprehensive income for the year	-	-	(857,486)	(857,486)
Balance at 31 March 2020	721,429	1,678,571	4,394,659	6,794,659
Year ended 31 March 2021:				
Loss and total comprehensive income for the year	-	-	(1,917,313)	(1,917,313)
Balance at 31 March 2021	721,429	1,678,571	2,477,346	4,877,346

CAWOOD SCIENTIFIC LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2019	721,429	1,678,571	5,532,433	7,932,433
Year ended 31 March 2020:				
Profit and total comprehensive income for the year	-	-	10,197	10,197
Balance at 31 March 2020	721,429	1,678,571	5,542,630	7,942,630
Year ended 31 March 2021:				
Loss and total comprehensive income for the year	-	-	(1,186,532)	(1,186,532)
Balance at 31 March 2021	721,429	1,678,571	4,356,098	6,756,098

CAWOOD SCIENTIFIC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	25	860,390		9,237,339	
Interest paid		(103,220)		(38,588)	
Income taxes paid		-		(205,904)	
Net cash inflow from operating activities		<u>757,170</u>		<u>8,992,847</u>	
Investing activities					
Purchase of business		-	(8,186,033)		
Purchase of intangible assets		(56,005)	(8,750)		
Purchase of tangible fixed assets		(1,426,025)	(1,590,551)		
Proceeds on disposal of tangible fixed assets		734,978	(897)		
Net cash used in investing activities			<u>(747,052)</u>		<u>(9,786,231)</u>
Financing activities					
Net (payment)/receipt of finance lease obligations		(447,763)	1,085,810		
Net cash (used in)/generated from financing activities			<u>(447,763)</u>		<u>1,085,810</u>
Net (decrease)/increase in cash and cash equivalents			<u>(437,645)</u>		<u>292,426</u>
Cash and cash equivalents at beginning of year		1,657,965		1,365,539	
Cash and cash equivalents at end of year		<u>1,220,320</u>		<u>1,657,965</u>	
Relating to:					
Cash at bank and in hand		1,220,320		1,681,756	
Bank overdrafts included in creditors payable within one year		-		(23,791)	

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

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

The group consists of Cawood Scientific 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 company. Monetary amounts in these financial statements are rounded to the nearest £1.

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' and 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.

The group has taken advantage of exemptions from the disclosure requirements relating to Section 11 and Section 33 as above.

Cawood Scientific Limited is a wholly owned subsidiary of Meritas Developments Limited and the results of Cawood Scientific Limited are included in the consolidated financial statements of Meritas Scientific Holdings Limited which are available from Coopers Bridge, Braziers Lane, Winkfield, Berkshire, RG42 6NS.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of Cawood Scientific 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 March 2021. 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.

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

Notwithstanding the loss in the period the directors have prepared accounts on a going concern basis. This is supported by the group forecasts for the twelve month period from the date of approval of the financial statements, taking into account the benefit of current government schemes utilising loan interest payments deferrals, loan notes interest that has no cash outflow until term end and reduction of non essential capital spend.

The company meets its day to day working capital requirements through support from other entities within the group. Meritas Scientific Holding Limited has indicated that it will continue to provide ongoing financial support to the company as well as providing intercompany financing.

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.

These forecasts and projections show that the group is expected to be able to operate within the level of its current facilities and in the view of the directors there is headroom under the committed facility to enable the group to trade.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

The directors have given consideration to the unprecedented impact of COVID-19 on the company with an on-going review of trade and plans of the business. The directors will continue to review the company position and react accordingly to ensure there is sufficient cash headroom within the current facilities.

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

Turnover

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

All income and charges relating to the financial year 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.

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 are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Software	20% straight line
Development costs	20% straight line

Amortisation is revised prospectively for any significant change in useful life or residual value.

Tangible fixed assets

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

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Tangible fixed assets

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

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

Freehold land and buildings	2 - 12.5% straight line
Leasehold land and buildings	10% straight line or life of lease, whichever is shorter
Plant and equipment	12.5 - 33% straight line
Fixtures and fittings	15 - 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.

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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

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 and deposits held at call with banks.

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.

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.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

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 year. 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.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

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.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 leased asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

The group received furlough income of £272,238 and the company received £173,160 from the government as part of the Coronavirus Job Retention Scheme (CJRS) which compensates employers for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who have been placed on furlough (i.e. placed on a temporary leave of absence from working for the employer). The grant is conditional upon the employees being employed and on the company PAYE payroll and the employee cannot do any work for their employer that makes money or provides services for their employer or any organisation linked or associated with their employer. There are no unfulfilled conditions or contingencies attached to the grant.

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.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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 and company operates customer contracts which 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 provision

In calculating the provision required in respect of dilapidations, management makes judgments as to the likelihood of the group being required to fulfil their obligation and provides for this accordingly. Following their assessment and review in the current year, the directors have determined an additional provision of £56,833 (2020: £nil) is necessary and have therefore increased the dilapidations provision in these financial statements.

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 year 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 (2020: £nil).

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 future 5 year 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.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

2 Judgements and key sources of estimation uncertainty (Continued)

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 liability of £428,488 (2020: £329,505) to be recognised in these financial statements.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Analytical testing services	27,725,348	23,425,459
	<u>27,725,348</u>	<u>23,425,459</u>
	2021 £	2020 £
Other revenue		
Grants received	272,238	-
R&D tax credit	190,227	-
	<u>462,465</u>	<u>-</u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	26,219,395	22,126,013
Europe	1,039,483	1,026,404
Rest of the world	466,470	273,042
	<u>27,725,348</u>	<u>23,425,459</u>

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Employees

The average monthly number of persons employed during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Administration and management	84	86	59	70
Technical	358	334	211	171
	<u>442</u>	<u>420</u>	<u>270</u>	<u>241</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	11,618,357	8,742,680	7,765,278	6,071,731
Social security costs	895,912	746,080	577,330	519,462
Pension costs	472,541	389,050	239,493	210,600
	<u>12,986,810</u>	<u>9,877,810</u>	<u>8,582,101</u>	<u>6,801,793</u>

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	77,257	-
Company pension contributions to defined contribution schemes	7,231	-
	<u>84,488</u>	<u>-</u>

6 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	2,313	6,052
Research and development costs	11,915	1,332
Government grants	(272,238)	-
Depreciation of owned tangible fixed assets	1,296,798	1,056,498
Depreciation of tangible fixed assets held under finance leases	374,144	170,335
(Profit)/loss on disposal of tangible fixed assets	(285,825)	897
Amortisation of intangible assets	2,053,493	1,524,989
Operating lease charges	615,741	359,811
	<u></u>	<u></u>

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

7 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	41,250	38,050
Audit of the financial statements of the company's subsidiaries	42,750	26,850
	<u>84,000</u>	<u>64,900</u>
For other services		
Taxation compliance services	4,350	5,675
All other non-audit services	6,475	8,925
	<u>10,825</u>	<u>14,600</u>

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	-	704
Interest payable to group undertakings	793,159	45,795
Interest on finance leases and hire purchase contracts	97,351	37,884
Other interest	5,869	-
	<u>896,379</u>	<u>84,383</u>

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	-	2,324
Adjustments in respect of prior periods	15,195	31,290
Group tax relief	-	258,188
Other taxes	(22,929)	-
	<u>(7,734)</u>	<u>291,802</u>
Deferred tax		
Origination and reversal of timing differences	28,499	(89,265)
Changes in tax rates	-	19,478
Adjustment in respect of prior periods	(23,152)	5,143
	<u>5,347</u>	<u>(64,644)</u>
Total tax (credit)/charge	<u>(2,387)</u>	<u>227,158</u>

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Taxation (Continued)

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

	2021 £	2020 £
Loss before taxation	(1,919,700)	(630,328)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(364,743)	(119,762)
Tax effect of expenses that are not deductible in determining taxable profit	335,552	76,460
Tax effect of income not taxable in determining taxable profit	(38,290)	(35,837)
Adjustments in respect of prior years	15,201	19,508
Group relief	(88,091)	-
Research and development tax credit	(22,935)	-
Other permanent differences	-	15,757
Deferred tax adjustments in respect of prior years	(23,152)	5,143
Fixed asset differences	184,071	245,090
Effect of change in deferred tax rate	-	20,799
Taxation (credit)/charge	(2,387)	227,158

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. In March 2020 the Chancellor announced that the tax rate would remain at 19%, and this rate has been used to measure deferred tax assets and liabilities where applicable. Subsequent to the year end, in March 2021, the Chancellor announced that the corporation tax rate would increase to 25% in the year 2023, however, this rate had not been substantively enacted at the reporting date and it has not been used in the measurement of deferred tax.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10 Intangible fixed assets

Group	Goodwill	Software	Development costs	Total
	£	£	£	£
Cost				
At 1 April 2020	19,806,649	24,747	78,970	19,910,366
Additions	-	-	56,005	56,005
Other changes	(166,508)	-	-	(166,508)
At 31 March 2021	19,640,141	24,747	134,975	19,799,863
Amortisation and impairment				
At 1 April 2020	4,563,496	330	14,633	4,578,459
Amortisation charged for the year	2,037,878	5,860	9,755	2,053,493
At 31 March 2021	6,601,374	6,190	24,388	6,631,952
Carrying amount				
At 31 March 2021	13,038,767	18,557	110,587	13,167,911
At 31 March 2020	15,243,153	24,417	64,337	15,331,907

Company	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 April 2020	12,476,231	78,970	12,555,201
Additions	-	56,005	56,005
Other changes	(166,508)	-	(166,508)
At 31 March 2021	12,309,723	134,975	12,444,698
Amortisation and impairment			
At 1 April 2020	2,370,241	14,633	2,384,874
Amortisation charged for the year	1,225,679	9,755	1,235,434
At 31 March 2021	3,595,920	24,388	3,620,308
Carrying amount			
At 31 March 2021	8,713,803	110,587	8,824,390
At 31 March 2020	10,105,990	64,337	10,170,327

Amortisation on intangible assets is charged to administrative expenses.

Other changes in relation to the cost of goodwill relates to deferred consideration which was included in the business combination at acquisition but is no longer payable.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

11 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£	£
Cost						
At 1 April 2020	541,555	1,136,882	8,828,829	898,646	1,269,746	12,675,658
Additions	5,304	232,993	895,589	26,643	265,496	1,426,025
Disposals	(420,591)	(4,831)	(195,166)	(2,850)	(23,933)	(647,371)
Transfers	(126,268)	-	-	126,268	-	-
At 31 March 2021	-	1,365,044	9,529,252	1,048,707	1,511,309	13,454,312
Depreciation and impairment						
At 1 April 2020	95,735	312,470	4,757,444	584,265	415,257	6,165,171
Depreciation charged in the year	12,164	155,600	1,091,580	5,164	406,434	1,670,942
Eliminated in respect of disposals	(48,814)	-	(127,719)	(1,049)	(20,636)	(198,218)
Transfers	(59,085)	-	-	59,085	-	-
At 31 March 2021	-	468,070	5,721,305	647,465	801,055	7,637,895
Carrying amount						
At 31 March 2021	-	896,974	3,807,947	401,242	710,254	5,816,417
At 31 March 2020	445,820	824,412	4,071,385	314,381	854,489	6,510,487

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

11 Tangible fixed assets (continued)

Company	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 April 2020	1,072,930	5,292,360	459,866	1,137,667	7,962,823
Additions	231,418	585,209	1,840	257,788	1,076,255
Disposals	(4,831)	-	(2,850)	-	(7,681)
At 31 March 2021	1,299,517	5,877,569	458,856	1,395,455	9,031,397
Depreciation and impairment					
At 1 April 2020	311,629	3,090,975	193,317	408,666	4,004,587
Depreciation charged in the year	141,401	652,953	5,164	398,328	1,197,846
Eliminated in respect of disposals	-	-	(1,049)	-	(1,049)
At 31 March 2021	453,030	3,743,928	197,432	806,994	5,201,384
Carrying amount					
At 31 March 2021	846,487	2,133,641	261,424	588,461	3,830,013
At 31 March 2020	761,301	2,201,385	266,549	729,001	3,958,236

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Plant and equipment	1,743,618	2,085,800	483,637	650,646
Depreciation charge for the year in respect of leased assets	374,144	170,335	171,638	170,335

The group has pledged the above assets as security for loans held in the parent company by way of a fixed and floating charge.

There was a disposal of land and buildings during the year therefore the remainder of the balance has been reclassified to fixtures and fittings.

Depreciation on tangible assets is charged to administrative expenses.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

12 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	13	-	-	13,699,052	13,699,052

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 April 2020 and 31 March 2021	13,699,052
Carrying amount	
At 31 March 2021	13,699,052
At 31 March 2020	13,699,052

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct Indirect
Enital Services Limited	Dormant	Ordinary	- 100.00
Enital Water Ltd	Dormant	Ordinary	- 100.00
Enital Limited	Provision of specialist environmental services	Ordinary	100.00 -
Mambo-Tox Limited	Dormant	Ordinary	100.00 -
Natural Resource Management Limited	Dormant	Ordinary	100.00 -
Sci-Tech (Ireland) Limited	Dormant	Ordinary	100.00 -
Sci-Tech Laboratories Limited	Dormant	Ordinary	100.00 -
Scianteq Analytical Services Limited	Dormant	Ordinary	100.00 -
Marchwood Scientific Services (Holdings) Limited	Holding company	Ordinary	100.00 -
Marchwood Scientific Services Limited	Provision of specialist environmental services	Ordinary	- 100.00

The registered office for each of the subsidiaries listed above is Coopers Bridge, Braziers Lane, Winkfield Row, Berkshire, RG42 6NS.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Consumables	724,938	704,033	440,613	456,607

15 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	5,153,132	5,308,681	2,911,520	2,823,006
Gross amounts owed by contract customers	203,226	153,402	203,226	153,402
Other debtors	10,428	43,795	132	18,473
Prepayments and accrued income	1,297,841	910,517	455,789	413,986
	6,664,627	6,416,395	3,570,667	3,408,867
Deferred tax asset (note 21)	141,404	135,768	-	-
	6,806,031	6,552,163	3,570,667	3,408,867

16 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	18	-	23,791	-	23,791
Obligations under finance leases	19	621,050	643,913	373,596	325,841
Other borrowings	18	-	153,491	-	-
Payments received on account		78,436	97,161	78,436	97,161
Trade creditors		1,830,539	2,066,966	939,314	1,285,517
Amounts owed to group undertakings		6,488,202	8,566,631	11,482,025	12,657,742
Corporation tax payable		441,024	638,985	137,201	262,356
Other taxation and social security		2,773,233	1,273,356	1,671,951	762,445
Other creditors		177,756	783,793	134,117	759,555
Accruals and deferred income		1,054,532	780,178	720,878	502,003
		13,464,772	15,028,265	15,537,518	16,676,411

Other creditors includes £nil (2020: £299,889) which relates to deferred consideration.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

17 Creditors: amounts falling due after more than one year

		Group 2021 £	2020 £	Company 2021 £	2020 £
	Notes				
Obligations under finance leases	19	498,719	923,619	219,728	412,378
Loans from group undertakings	18	8,354,972	7,561,813	8,354,972	7,561,813
		<u>8,853,691</u>	<u>8,485,432</u>	<u>8,574,700</u>	<u>7,974,191</u>

18 Borrowings

		Group 2021 £	2020 £	Company 2021 £	2020 £
Bank overdrafts		-	23,791	-	23,791
Loans from group undertakings		8,354,972	7,561,813	8,354,972	7,561,813
Other loans		-	153,491	-	-
		<u>8,354,972</u>	<u>7,739,095</u>	<u>8,354,972</u>	<u>7,585,604</u>
Payable within one year		-	177,282	-	23,791
Payable after one year		<u>8,354,972</u>	<u>7,561,813</u>	<u>8,354,972</u>	<u>7,561,813</u>

Other loans comprise a bank loan accruing interest at a rate of 7.9% per annum. The loan was repayable in November 2022 and was unsecured however has been repaid in the current year.

The long-term loans from group undertakings accrue interest on the outstanding balance at the rate of 10% per annum above the base rate of the Bank of England. The loan is unsecured and is repayable on demand in full by the Lender on or after the earlier of a Sale or Listing or 10 March 2027.

19 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Less than one year	621,050	643,912	373,596	325,841
Between one and five years	498,719	923,620	219,728	412,378
	<u>1,119,769</u>	<u>1,567,532</u>	<u>593,324</u>	<u>738,219</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 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

20 Provisions for liabilities

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Dilapidations provision		106,833	50,000	50,000	50,000
Deferred tax liabilities	21	432,975	421,990	279,283	243,127
		<u>539,808</u>	<u>471,990</u>	<u>329,283</u>	<u>293,127</u>

Movements on provisions apart from deferred tax liabilities:

Group	Dilapidations provision £
At 1 April 2020	50,000
Additions	56,833
At 31 March 2021	<u>106,833</u>

Company	Dilapidations provision £
At 1 April 2020 and 31 March 2021	<u>50,000</u>

The dilapidations provision is to provide for the cost of returning the rental properties to their original condition upon vacating the properties.

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Group				
Accelerated capital allowances	449,055	269,416	9,439	2,565
Tax losses	(16,080)	(26,289)	1,104	133,203
Other short term timing differences	-	178,863	130,861	-
	<u>432,975</u>	<u>421,990</u>	<u>141,404</u>	<u>135,768</u>

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

21 Deferred taxation (Continued)

Company	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Accelerated capital allowances	279,283	269,416	-	-
Tax losses	-	(26,289)	-	-
	<u>279,283</u>	<u>243,127</u>	<u>-</u>	<u>-</u>
			Group 2021 £	Company 2021 £
Movements in the year:				
Liability at 1 April 2020			286,222	243,127
Charge to profit or loss			5,349	36,156
			<u>291,571</u>	<u>279,283</u>
Liability at 31 March 2021				

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 £688,785 (2020: £717,765) as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

22 Retirement benefit schemes

Defined contribution schemes

The charge to profit or loss in respect of defined contribution schemes for the group was £472,541 (2020: £213,349).

The charge to profit or loss in respect of defined contribution schemes for the company was £239,493 (2020: £210,600).

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 £67,211 (2020: £82,498), whilst the company had amounts of £51,297 (2020: £77,398), remaining outstanding and included within accruals.

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

23 Share capital

	Group and company	
	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
14,428,571 Ordinary shares of 5p each	721,429	721,429

Each Ordinary share carries the right to a dividend and one vote at a general meeting.

24 Reserves

Share premium account

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

Profit and loss reserves

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

25 Cash generated from group operations

	2021	2020
	£	£
Loss for the year after tax	(1,917,313)	(857,486)
Adjustments for:		
Taxation (credited)/charged	(2,387)	227,158
Finance costs	896,379	84,383
(Gain)/loss on disposal of tangible fixed assets	(285,825)	897
Amortisation and impairment of intangible assets	2,053,493	1,524,989
Depreciation and impairment of tangible fixed assets	1,670,942	1,226,833
Increase in provisions	56,833	-
Movements in working capital:		
(Increase)/decrease in stocks	(20,905)	76,181
(Increase)/decrease in debtors	(248,232)	4,755,614
(Decrease)/increase in creditors	(1,342,595)	2,198,770
Cash generated from operations	860,390	9,237,339

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

26 Analysis of changes in net debt - group

	1 April 2020	Cash flows	31 March 2021
	£	£	£
Cash at bank and in hand	1,681,756	(461,436)	1,220,320
Bank overdrafts	(23,791)	23,791	-
	<u>1,657,965</u>	<u>(437,645)</u>	<u>1,220,320</u>
Borrowings excluding overdrafts	(7,715,304)	(639,668)	(8,354,972)
Obligations under finance leases	(1,567,532)	447,763	(1,119,769)
	<u>(7,624,871)</u>	<u>(629,550)</u>	<u>(8,254,421)</u>

27 Financial commitments, guarantees and contingent liabilities

The company has given a fixed and floating charge over all its properties as security against its parent defaulting on the repayment of their loan notes with an outstanding principal and accrued interest balance at 31 March 2021 of £45,391,445 (2020: £41,046,755). Interest is accrued on these loan notes quarterly at a rate of 10% per annum.

In addition the company have given a fixed and floating charge over all its properties and assets as security against the group's credit facility, at 31 March 2021 the outstanding amount owed was £32,500,000 (2020: £32,500,000). Of the facility £31,500,000 (2020: £31,500,000) attracts interest at a rate of LIBOR plus 6.5% per annum and £1,000,000 (2020: £1,000,000) attracts interest at LIBOR plus 3% per annum.

Also during the year the company was included within a VAT group with other group entities, the total liability of this VAT group at 31 March 2021 is £1,544,654 (2020: £706,078).

The company has given guarantees to other entities in the group in relation to certain loan notes and inter group creditors.

28 Operating lease commitments

Lessee

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

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Within one year	561,234	515,739	327,728	327,728
Between one and five years	1,714,102	1,791,457	920,102	1,113,951
In over five years	956,667	734,127	25,000	158,877
	<u>3,232,003</u>	<u>3,041,323</u>	<u>1,272,830</u>	<u>1,600,556</u>

CAWOOD SCIENTIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

29 Events after the reporting date

On 9 June 2021, Cawood Scientific Limited entered into an agreement to purchase the entire share capital of Environmental Laboratory Limited for a total consideration of £2,173,386, to be paid on completion of the sale.

On 29 June 2021, Cawood Scientific Limited entered into an agreement to purchase the entire share capital of i2L Research Ltd for an initial consideration of £2,181,910, to be paid on completion of the sale, and deferred and contingent consideration up to a maximum of £983,000.

30 Related party transactions

During the year, Enitial Limited entered into transactions with related parties by virtue of similar shareholders for the sale of land and buildings of £700,000 (2020: £nil) and rent paid of £43,333 (2020: £nil).

The group entered into a rent purchase agreement with entities with control, joint control, or significant influence over the company of £15,000 (2020: £15,000).

31 Controlling party

The company's immediate parent undertaking is Meritas Developments Limited, a company registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by Cawood Scientific Limited. Copies of the financial statements of Cawood Scientific Limited can be obtained from its registered office of Coopers Bridge, Braziers Lane, Winkfield Row, Berkshire, RG42 6NS, or from the Registrar of Companies, Companies House.

The largest group in which the results of the company are consolidated is that headed by Waterland Private Equity Fund VII C.V.. The registered office of Waterland Private Equity Fund VII C.V. is Brediusweg 31, 1401 AB Bussum, Netherlands.

The directors consider there not to be a singular ultimate controlling entity or controlling party.