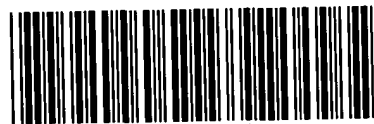


Company Registration No. 07246160 (England and Wales)

MERITAS DEVELOPMENTS LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2017

SATURDAY



A6H00XEY

A22

14/10/2017

#150

COMPANIES HOUSE

MERITAS DEVELOPMENTS LTD

COMPANY INFORMATION

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

Company number 07246160

Registered office Coopers Bridge
Braziers Lane
Winkfield Row
Bracknell
Berkshire
RG42 6NS

Auditor RSM UK Audit LLP
Chartered Accountants
Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU

MERITAS DEVELOPMENTS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report for the year ended 31 March 2017.

Fair review of the business

Meritas Developments Limited is the parent company of Cawood Scientific Limited which is an independent provider of analytical testing services for the land-based agricultural sector. It operates through three separate divisions encompassing testing across the agriculture, livestock and environmental materials spectrum. During the year the group has traded satisfactorily with the group showing sales and profit growth year on year. Net assets increased by £596k during the financial year to £2.716m, within which cash levels increased by 67% to £1.9m. The debtor book remains sound and there was no diminution in the average ageing of debtor balances. The directors feel that the future outlook for growth remains positive.

Principal risks and uncertainties

The business 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 group 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.

Key performance indicators

The business 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 year ended 31 March 2017 are as follows:

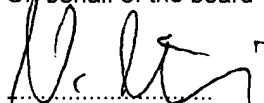
	<u>2017</u>	<u>2016</u>
Sales	£12,089,306	£10,845,633
Gross Margin %	79.4%	80.5%
Day sales outstanding	42	48

Future developments

The group anticipates further growth in sales 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.

On behalf of the board



Mr N J Patrick

Director

5/10/17

MERITAS DEVELOPMENTS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company continued to be that of a parent company to its subsidiary undertakings.

The principal activity of the group continued to be that of an independent provider of analytical testing services for the land-based industries; operating through three separate divisions encompassing all aspects of agriculture, livestock and environmental materials.

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

Mr K N Cockwill

(Resigned 9 March 2017)

Lord Donald Curry of Kirkharle

Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid (2016: nil). The directors do not recommend payment of a final dividend.

Political and charitable donations

There were no political or charitable donations in the period.

Auditor

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

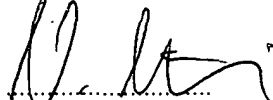
Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

Strategic Report

The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 to include in the Strategic Report matters otherwise required to be disclosed in the Directors' Report as the directors consider these are of strategic importance to the group.

On behalf of the board



Mr N J Patrick

Director

5/10/17

MERITAS DEVELOPMENTS LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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;
- 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 MERITAS DEVELOPMENTS LTD

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 5 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

Perry Linton FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Davidson House
Forbury Square
Reading
Berkshire, RG1 3EU

12.10.17

MERITAS DEVELOPMENTS LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Turnover	3	12,089,306	10,845,633
Cost of sales		(2,491,601)	(2,114,726)
Gross profit		9,597,705	8,730,907
Administrative expenses		(8,545,987)	(7,828,632)
Other operating income		-	(2,300)
Operating profit	4	1,051,718	899,975
Interest payable and similar expenses	9	(366,980)	(420,242)
Profit before taxation		684,738	479,733
Taxation	8	(103,023)	(197,128)
Profit for the financial year	24	581,715	282,605

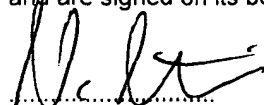
Profit for the financial year is all attributable to the owners of the parent company.

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

MERITAS DEVELOPMENTS LTD**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	10	3,048,053		3,671,532	
Tangible assets	11	2,755,837		2,467,620	
		<u>5,803,890</u>		<u>6,139,152</u>	
Current assets					
Stocks	14	185,097		244,807	
Debtors	15	2,388,232		2,220,073	
Cash at bank and in hand		1,884,120		1,125,569	
		<u>4,457,449</u>		<u>3,590,449</u>	
Creditors: amounts falling due within one year	16	(7,040,447)		(1,920,126)	
Net current (liabilities)/assets		<u>(2,582,998)</u>		<u>1,670,323</u>	
Total assets less current liabilities		<u>3,220,892</u>		<u>7,809,475</u>	
Creditors: amounts falling due after more than one year	17	(355,594)		(5,526,436)	
Provisions for liabilities	21	(148,934)		(148,390)	
Net assets		<u>2,716,364</u>		<u>2,134,649</u>	
Capital and reserves					
Called up share capital	23	6,000		2,446	
Share premium account	24	532,760		536,314	
Capital redemption reserve	24	58		58	
Profit and loss reserves	24	2,177,546		1,595,831	
Total equity		<u>2,716,364</u>		<u>2,134,649</u>	

The financial statements were approved by the board of directors and authorised for issue on 5/10/17 and are signed on its behalf by:



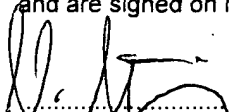
Mr N J Patrick
Director

MERITAS DEVELOPMENTS LTD**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments	12		3,959,720		3,959,720
Current assets					
Debtors	15	41,513		1,168,049	
Cash at bank and in hand		582,234		55,177	
		<u>623,747</u>		<u>1,223,226</u>	
Creditors: amounts falling due within one year	16	(5,317,450)		(252,647)	
Net current (liabilities)/assets			(4,693,703)		970,579
Total assets less current liabilities			(733,983)		4,930,299
Creditors: amounts falling due after more than one year	17		-		(5,150,000)
Net liabilities			(733,983)		(219,701)
Capital and reserves					
Called up share capital	23		6,000		2,446
Share premium account	24		532,760		536,314
Capital redemption reserve	24		58		58
Profit and loss reserves	24		(1,272,801)		(758,519)
Total equity			(733,983)		(219,701)

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 £514,282 (2016 - £164,156 profit).

The financial statements were approved by the board of directors and authorised for issue on 5/10/17..... and are signed on its behalf by:



Mr N J Patrick
Director

MERITAS DEVELOPMENTS LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2015		2,331	603,791	-	1,313,284	1,919,406
Year ended 31 March 2016:						
Profit and total comprehensive income for the year		-	-	-	282,605	282,605
Issue of share capital	23	173	19,153	-	-	19,326
Redemption of shares	23	(58)	(86,630)	-	-	(86,688)
Transfers		-	-	58	(58)	-
Balance at 31 March 2016		2,446	536,314	58	1,595,831	2,134,649
Year ended 31 March 2017:						
Profit and total comprehensive income for the year		-	-	-	581,715	581,715
Reduction of shares	23	-	(3,554)	-	-	(3,554)
Other movements		3,554	-	-	-	3,554
Balance at 31 March 2017		6,000	532,760	58	2,177,546	2,716,364

MERITAS DEVELOPMENTS LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2015		2,331	603,791	-	(922,617)	(316,495)
Year ended 31 March 2016:						
Profit and total comprehensive income for the year		-	-	-	164,156	164,156
Issue of share capital	23	173	19,153	-	-	19,326
Redemption of shares	23	(58)	(86,630)	-	-	(86,688)
Transfers		-	-	58	(58)	-
Balance at 31 March 2016		2,446	536,314	58	(758,519)	(219,701)
Year ended 31 March 2017:						
Loss and total comprehensive income for the year		-	-	-	(514,282)	(514,282)
Reduction of shares	23	-	(3,554)	-	-	(3,554)
Other		3,554	-	-	-	3,554
Balance at 31 March 2017		6,000	532,760	58	(1,272,801)	(733,983)

MERITAS DEVELOPMENTS LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	29	7,328,870		2,117,461	
Interest paid		(366,980)		(420,242)	
Income taxes paid		(117,274)		(74,461)	
Net cash inflow from operating activities		6,844,616		1,622,758	
Investing activities					
Purchase of tangible fixed assets		(623,283)		(594,826)	
Proceeds on disposal of tangible fixed assets		10,001		15,492	
Net cash used in investing activities		(613,282)		(579,334)	
Financing activities					
Proceeds from issue of shares		-		19,326	
Redemption of shares		-		(86,688)	
Repayment of borrowings		(3,650,000)		-	
Repayment of bank loans		(1,600,000)		(400,000)	
Payment of finance leases obligations		(222,783)		112,615	
Net cash used in financing activities		(5,472,783)		(354,747)	
Net increase in cash and cash equivalents		758,551		688,677	
Cash and cash equivalents at beginning of year		1,125,569		436,892	
Cash and cash equivalents at end of year		1,884,120		1,125,569	

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Meritas Developments Ltd ("the company") is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales. The registered office is Coopers Bridge, Braziers Lane, Winkfield Row, Bracknell, Berkshire, RG42 6NS.

The group consists of Meritas Developments Ltd 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 whole £1, unless otherwise indicated.

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

Basis of consolidation

The consolidated financial statements incorporate those of Meritas Developments Ltd 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 2017.

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.

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.

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.

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Going concern

The company forms part of the Meritas Developments Limited group.

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.

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 significant headroom under the committed facility to enable the group to trade.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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.

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. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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 or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings leasehold	10 years or life of lease whichever is shorter
Plant and machinery	8 years
Fixtures, fittings and equipment	3 years
Computer equipment	3 years

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

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

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.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making provisions for obsolete and slow moving items. Cost comprises of direct materials and, where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition.

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.

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.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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 and loans from fellow group companies 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 the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

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.

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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.

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.

Share-based payments

The company grants share options (equity-settled share based payments) to certain employees. Under S35.10b FRS 102 equity-settled share based payments are not recorded in the financial statements.

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 the income statement 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 income 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 lease asset are consumed.

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.

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Research and development

All research expenditure and development expenditure that does not meet the conditions for capitalisation is expensed as incurred.

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.

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.

Goodwill

On the acquisition of its subsidiaries the directors have assessed the assets purchased and considered if any intangible assets were acquired, and in their judgement have concluded that no intangibles other than goodwill were acquired.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
Analytical testing services	12,089,306	10,845,633
	<u>12,089,306</u>	<u>10,845,633</u>
Turnover analysed by geographical market		
	2017 £	2016 £
United Kingdom	11,685,064	10,610,165
Europe	339,747	211,146
Rest of the World	64,495	24,322
	<u>12,089,306</u>	<u>10,845,633</u>

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(695)	416
Research and development costs	17,575	52,537
Depreciation of owned tangible fixed assets	423,829	374,469
Depreciation of tangible fixed assets held under finance leases	157,392	148,559
(Profit)/loss on disposal of tangible fixed assets	2,271	(15,492)
Amortisation of intangible assets	623,479	647,496
Cost of stocks recognised as an expense	1,580,373	1,300,264
Operating lease charges	243,099	228,276

5 Auditors' remuneration

	2017 £	2016 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	3,000	3,000
Audit of the company's subsidiaries	21,500	21,500
	24,500	24,500
For other services		
Accountancy services	7,650	9,450
Taxation compliance services	5,700	6,450
Other taxation services	25,000	-
All other non-audit services	5,750	5,750
	44,100	21,650

6 Employees

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

	2017 Number	2016 Number
Administration and management	46	46
Technical	131	117
	177	163

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

6 Employees (Continued)

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	4,528,620	4,124,865
Social security costs	354,585	345,809
Pension costs	155,518	149,636
	<u>5,038,723</u>	<u>4,620,310</u>

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	300,749	283,487
Group pension contributions to defined contribution schemes	21,000	16,705
	<u>321,749</u>	<u>300,192</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	139,640	129,840
Group pension contributions to defined contribution schemes	10,800	10,800
	<u>150,440</u>	<u>140,640</u>

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	158,932	173,727
Benefit arising from a previously unrecognised tax loss or credit	(56,453)	-
Total current tax	<u>102,479</u>	<u>173,727</u>
Deferred tax		
Origination and reversal of timing differences	544	23,401
Total tax charge	<u>103,023</u>	<u>197,128</u>

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

8 Taxation (Continued)

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2017 £	2016 £
Profit before taxation	684,738	479,733
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	136,948	95,947
Tax effect of expenses that are not deductible in determining taxable profit	(833)	1,148,452
Tax effect of income not taxable in determining taxable profit	-	(1,097,022)
Depreciation on assets not qualifying for tax allowances	7,780	66,239
Amortisation on assets not qualifying for tax allowances	10,513	-
Research and development tax credit	(56,453)	-
Deferred tax adjustments in respect of prior years	13,376	(16,488)
Effect of change in deferred tax rate	(8,308)	-
Tax expense for the year	103,023	197,128

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	46,846	90,638
Other interest on financial liabilities	274,400	292,800
	321,246	383,438
Other finance costs:		
Interest on finance leases and hire purchase contracts	45,734	36,804
Total finance costs	366,980	420,242

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

10 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 April 2016 and 31 March 2017	6,486,660
Amortisation and impairment	
At 1 April 2016	2,815,128
Amortisation charged for the year	623,479
At 31 March 2017	3,438,607
Carrying amount	
At 31 March 2017	3,048,053
At 31 March 2016	3,671,532

The company had no intangible fixed assets at 31 March 2017 or 31 March 2016.

11 Tangible fixed assets

Group	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost					
At 1 April 2016	150,812	4,737,366	827,914	145,694	5,861,786
Additions	308,386	551,042	20,802	1,480	881,710
Disposals	-	(40,622)	-	-	(40,622)
At 31 March 2017	459,198	5,247,786	848,716	147,174	6,702,874
Depreciation and impairment					
At 1 April 2016	126,091	2,709,944	556,376	1,755	3,394,166
Depreciation charged in the year	38,888	497,522	42,664	2,147	581,221
Eliminated in respect of disposals	-	(28,350)	-	-	(28,350)
At 31 March 2017	164,979	3,179,116	599,040	3,902	3,947,037
Carrying amount					
At 31 March 2017	294,219	2,068,670	249,676	143,272	2,755,837
At 31 March 2016	24,721	2,027,422	271,538	143,939	2,467,620

The company had no tangible fixed assets at 31 March 2017 or 31 March 2016.

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

11 Tangible fixed assets (Continued)

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

	Group 2017 £	2016 £	Company 2017 £	2016 £
Plant and machinery	886,124	878,602	-	-
Depreciation charge for the year in respect of leased assets	157,392	148,559	-	-

12 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	13	-	-	3,959,720	3,959,720

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 April 2016 and 31 March 2017	3,959,720
Carrying amount	
At 31 March 2017	3,959,720
At 31 March 2016	3,959,720

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct Indirect
Cawood Scientific Limited	Analytical testing	Ordinary	100.00
Sciantec Analytical Services Limited	Analytical testing of animal nutrition materials	Ordinary	100.00
Sci-Tech Laboratories Limited	Analytical testing of animal health materials	Ordinary	100.00
Natural Resource Management Limited	Analytical testing of land based materials	Ordinary	100.00

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

13. Subsidiaries (Continued)

The registered office of all of the subsidiaries is Coopers Bridge Braziers Lane, Winkfield Row, Bracknell, Berkshire, RG42 6NS.

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Cawood Scientific Limited	1,599,960	5,081,515
Sciantec Analytical Services Limited	-	30,500
Sci-Tech Laboratories Limited	-	100
Natural Resource Management Limited	-	100

14. Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Consumables	185,097	244,807	-	-

15. Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	2,068,923	1,988,968	-	-
Gross amounts due from contract customers	105,025	101,043	-	-
Amount owed by group undertakings	-	-	-	1,168,049
Other debtors	41,982	1,899	41,513	-
Prepayments and accrued income	172,302	128,163	-	-
	2,388,232	2,220,073	41,513	1,168,049

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

16 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	19	-	100,000	-	100,000
Obligations under finance leases	20	275,258	218,772	-	-
Trade creditors		466,209	579,409	15,269	1,800
Amounts due to group undertakings		5,014,971	-	5,103,958	-
Corporation tax payable		158,932	173,727	-	-
Other taxation and social security		586,120	460,424	12,728	11,268
Accruals and deferred income		538,957	387,794	185,495	139,579
		<u>7,040,447</u>	<u>1,920,126</u>	<u>5,317,450</u>	<u>252,647</u>

17 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	19	-	1,500,000	-	1,500,000
Obligations under finance leases	20	355,594	376,436	-	-
Other borrowings	19	-	3,650,000	-	3,650,000
		<u>355,594</u>	<u>5,526,436</u>	<u>-</u>	<u>5,150,000</u>

18 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,074,128	1,990,867	4,736	1,168,049
Equity instruments measured at cost less impairment	-	-	3,959,720	3,959,720
	<u>-</u>	<u>-</u>	<u>3,959,720</u>	<u>3,959,720</u>
Carrying amount of financial liabilities				
Measured at amortised cost	6,650,989	6,812,411	5,304,722	5,391,379
	<u>6,650,989</u>	<u>6,812,411</u>	<u>5,304,722</u>	<u>5,391,379</u>

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

19 Borrowings

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	-	1,600,000	-	1,600,000
Other loans	-	3,650,000	-	3,650,000
	<u>-</u>	<u>5,250,000</u>	<u>-</u>	<u>5,250,000</u>
Payable within one year	-	100,000	-	100,000
Payable after one year	-	5,150,000	-	5,150,000
	<u>-</u>	<u>5,150,000</u>	<u>-</u>	<u>5,150,000</u>

In the prior period the group's banking facilities were secured by a debenture in favour of Natwest Bank plc over all assets of the group.

Obligations under finance leases are secured upon the assets to which they relate.

20 Finance lease obligations

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Less than one year	275,258	218,772	-	-
Between one and five years	355,594	376,436	-	-
	<u>630,852</u>	<u>595,208</u>	<u>-</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 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	153,734	153,049
Tax losses	(4,800)	(4,659)
	<u>148,934</u>	<u>148,390</u>

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

21 Deferred taxation (Continued)

The company has no deferred tax assets or liabilities.

	Group 2017 £	Company 2017 £
Movements in the year:		
Liability at 1 April 2016	148,390	-
Charge to profit or loss	544	-
	<u>148,934</u>	<u>-</u>
Liability at 31 March 2017	<u>148,934</u>	<u>-</u>

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. 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.

22 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>155,518</u>	<u>149,636</u>

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 balance sheet date amounts of £28,237 (2016 - £25,881) remained outstanding and are included in accruals.

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

23 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
92,308 A Ordinary shares of 1p each	-	923
407,692 B Ordinary shares of 0.1p each	-	408
94,231 C Ordinary shares of 1p each	-	942
5,769 D Ordinary shares of 3p each	-	173
600,000 Ordinary shares of 1p each	6,000	-
	<u>6,000</u>	<u>2,446</u>

The A Ordinary shares and C Ordinary shares carry the same rights with equal dividends (provided all loan notes have been repaid), one vote per share and will share the first £1m in total distributed in the event of a sale of the company.

The D Ordinary shares have two voting rights per share. In other respects the D Ordinary shares rank equally with the A Ordinary shares and the C Ordinary shares.

The B Ordinary shares have no voting or dividend rights. They will however rank equally in a distribution or proceeds of a sale of the company with the A Ordinary, C Ordinary and D Ordinary shareholders after the first £1m and any dividends due to have been paid.

In January 2012, the shareholders of the company granted 7,690 share options at an exercise price of £1.07 per share. The options are only exercisable in the event of a sale of the business or in the event a listing of the company is proposed. On 9 March 2017 the options were exercised following the sale of the business.

On 9 March 2017, the following events also took place:

- 3,062 A Ordinary shares were converted to 3,062 B Ordinary shares in accordance with the company's articles;
- 410,754 B Ordinary shares of 0.1p were converted to 41,075 B Ordinary shares of 1p;
- 5,769 D Ordinary shares of 3p were converted to 1,923 D Ordinary shares of 1p;
- 89,246 A Ordinary shares, 410,754 B Ordinary shares, 94,231 C Ordinary shares and 5,769 D Ordinary shares were converted into one class of 600,000 Ordinary shares of 1p each.

Ordinary shares have one voting right per share and right to participation in a distribution of income and capital.

24 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

25 Operating lease commitments

Lessee

The company has a policy of leasing various items of office equipment under operating lease agreements.

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 2017 £	2016 £	Company 2017 £	2016 £
Within one year	217,153	303,841	-	-
Between two and five years	866,503	1,203,479	-	-
In over five years	695,696	1,234,736	-	-
	<u>1,779,352</u>	<u>2,742,056</u>	<u>-</u>	<u>-</u>

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2017 £	2016 £
Aggregate compensation	<u>359,891</u>	<u>329,692</u>

No guarantees have been given or received.

During the year the group entered into the following transactions with related parties:

The group paid rent and outsourced testing of £180,171 (2016: £176,744) to Stockbridge Technology Centre Limited, a company which is wholly owned by STC Research Foundation in which Mr N Patrick is a trustee.

During the period the company paid fees of £45,500 (2016: £41,213) to NVM Private Equity Limited for the services of Mr K Cockwill as a director, and for monitoring services. Interest of £220,000 (2016: £292,800) was also paid.

During the period the company paid £8,870 (2016: nil) to Inflexion TIC Service Holdings LLP, the ultimate controlling party, for investment monitoring fees.

27 Events after the reporting date

On the 22 May 2017 Cawood Scientific Limited completed the acquisition of 100% of the share capital of Mambo-Tox Limited. Mambo-Tox is a contract research organisation based in Hampshire offering a toxicological service for the evaluation of agrochemicals and biocides.

MERITAS DEVELOPMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

28 Controlling party

The group's ultimate controlling party is Aghoco 1503 Limited (Registered office: Coopers Bridge, Braziers Lane, Winfield, Bracknell, RG42 6NS).

The group is controlled by Inflexion TIC Service Holdings LLP.

29 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	581,715	282,605
Adjustments for:		
Taxation charged	103,023	197,128
Finance costs	366,980	420,242
Loss/(gain) on disposal of tangible fixed assets	2,271	(15,492)
Amortisation and impairment of intangible assets	623,479	647,496
Depreciation and impairment of tangible fixed assets	581,221	523,028
Borrowing costs written off	-	47,184
Movements in working capital:		
Decrease/(increase) in stocks	59,710	(46,835)
(Increase) in debtors	(168,159)	(158,445)
Increase in creditors	5,178,630	220,550
Cash generated from operations	7,328,870	2,117,461