Meritas Developments Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2014

Company Registration Number 07246160

Meritas Developments Limited
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr N J Patrick
Mrs L J Radnor
Mr P S Hodson

SECRETARY

Mr T C Jones

REGISTERED OFFICE

Coopers Bridge
Braziers Lane
Winkfield Row
Bracknell
Berkshire
England
RG42 6NS

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Steam Mill
Steam Mill Street
Chester
CH3 5AN

Meritas Developments Limited
CONTENTS

Meritas Developments Limited
STRATEGIC REPORT

The directors present their Strategic and Directors' report and the financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company heads a group of companies within the area of analytical testing of land based materials and animal feeds. On 9th December 2013 the group acquired 100% share capital of Sci-Tech Laboratories Limited. The group has performed at the level that the directors had expected in the year and is well placed for growth in the future.

PRINCIPAL RISKS AND UNCERTAINTIES

The business operates in the analytical testing sector focussing on land based materials and animal nutrition products. The current and expected future trend within these markets is for a continuing increase in testing requirements as the demand for food production continues to rise, with the appropriate attention from regulatory authorities and consumer groups. The risk of a significant market downturn is therefore not considered to be high. Although financial risks are considered to be minimal at present, future interest rate, liquidity and foreign currency risks could arise and the Board will review existing policies in the coming period.

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.

Net cash balances are placed on deposit over night to generate income where possible.

FINANCIAL RISK
Arrangements for capital expenditure are managed in part through hire purchase arrangements, with revolving credit facilities in place for working capital finance.

INTEREST RATE RISK
The company and group have an investor loan of £3.65m and a revolving credit facility which have fixed interest rates and are not therefore subject to fluctuation.

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, contribution, average tests per employee and debtor days. These KPIs for the year ended 31 March 2014 are as follows:

	2014	2013
Contribution % (before salary costs)	74%	75%
Average monthly tests per employee	404 tests	402 tests
Debtor days	48 days	50 days

On behalf of the Board

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Mr N J Patrick
Director

24 July 2014

RESULTS AND DIVIDENDS

The consolidated profit and loss account for the year is set out on page 5. The consolidated profit after taxation in the year amounted to £392,242 (2013: £124,139). The directors have not recommended a dividend.

FUTURE DEVELOPMENTS

The group anticipates further growth in sales and profits through the following areas:

- organic growth through offering wider services to existing clients and the attraction of new accounts;
- further development of new methods to improve efficiencies and develop new areas of business; and
- acquisitions of complementary businesses.

DIRECTORS

The directors set out in the table below have held office since 1 April 2013 to the date of this report unless otherwise stated.

Mr N J Patrick
Mrs L J Radnor
Sir A B N Gill (passed away on 8 May 2014)
Mr P S Hodson
Mr R A Sowerby (resigned as director on 1 March 2014)

On 1 July 2014, Lord D Curry was appointed as Chairman.

POLITICAL AND CHARITABLE DONATIONS

There were no political or charitable donations in the period.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to be reappointed for another term.

On behalf of the Board

....
Mr N J Patrick
Director

24 July 2014

Meritas Developments Limited
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice.

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 the 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 judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MERITAS DEVELOPMENTS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 5 to 26. 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).

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.

Respective responsibilities of directors and auditor
As more fully explained in the Directors' Responsibilities Statement 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.

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 the financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

Roger Davies BA FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Steam Mill
Chester
CH3 5AN

25th July 2014

Meritas Developments Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2014

	Notes	Continuing Operations 2014 £	Acquisitions 2014 £	**Total 2014 £**	Total 2013 £
Turnover	2	8,839,917	416,236	9,256,153	7,884,654
Cost of sales		(5,057,372)	(61,037)	(5,118,409)	(4,415,362)
Gross Profit		3,782,545	355,199	4,137,744	3,469,292
Administrative expenses		(3,020,527)	(191,921)	(3,212,448)	(3,007,171)
Operating profit	3	762,018	163,278	925,296	462,121
Gain on sale of investment		-	-	-	140,000
Interest receivable		692	293	985	-
Interest payable and similar charges	4	(367,932)	-	(367,932)	(371,798)
Profit on ordinary activities before taxation		394,778	163,571	558,349	230,323
Tax charge on profit on ordinary activities	5	(122,915)	(43,192)	(166,107)	(106,184)
Profit for the year	17/18	271,863	120,379	392,242	124,139

There are no recognised gains other than those passing through the profit and loss account.

The notes on pages 9 to 26 form a part of the financial statements.

Company Registration No. 07246160

Meritas Developments Limited

CONSOLIDATED BALANCE SHEET

31 March 2014

	Notes		2014		2013
		£	£	£	£
Fixed assets					
Intangible assets	6		4,785,055		3,626,188
Tangible assets	7		1,932,549		1,377,710
			6,717,604		5,003,898
Current assets					
Stock	9	155,826		107,972	
Debtors	10	2,141,299		1,690,030	
Cash at bank and in hand		751,786		320,612	
		3,048,911		2,118,614	
Creditors: amounts falling due within one year	11	(2,318,045)		(1,975,576)	
Net current assets			730,866		143,038
Total assets less current liabilities			7,448,470		5,146,936
Creditors: amounts falling due after more than one year	12		(5,625,896)		(3,737,057)
Provisions for liabilities and charges	15		(67,217)		(46,764)
Net assets			1,755,357		1,363,115
Capital and reserves					
Called up share capital	16		2,331		2,331
Share premium account	17		603,791		603,791
Profit and loss account	17		1,149,235		756,993
Shareholders' funds	18		1,755,357		1,363,115

The notes on pages 9 to 26 form a part of the financial statements.

The financial statements on pages 5 to 26 were approved by the Board of Directors and authorised for issue on 24 July 2014 and signed on its behalf by

....

Mr N J Patrick
Director

Company Registration No. 07246160

Meritas Developments Limited
COMPANY BALANCE SHEET
31 March 2014

	Notes	2014	2014	2013	2013
		£	£	£	£
Fixed assets					
Investments	8		3,959,720		3,959,720
Current assets					
Debtors	10	2,390,632		617,654	
Cash at bank and in hand		29,232		203,924	
		2,419,864		821,578	
Creditors: amounts falling due within one year	11	(824,802)		(757,211)	
Net current assets			1,595,062		64,367
Total assets less current liabilities			5,554,782		4,024,087
Creditors: amounts falling due after more than one year	12		(5,472,416)		(3,591,600)
Net assets			82,366		432,487
Capital and reserves					
Called up share capital	16		2,331		2,331
Share premium account	17		603,791		603,791
Profit and loss account	17		(523,756)		(173,635)
Shareholders' funds	18		82,366		432,487

The notes on pages 9 to 26 form a part of the financial statements.

The financial statements on pages 5 to 26 were approved by the Board of Directors and authorised for issue on 24 July 2014 and signed on its behalf by:

Mr N J Patrick
Director

Meritas Developments Limited
CONSOLIDATED CASH FLOW STATEMENT
31 March 2014

	Notes	2014	2013
		£	£
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		925,296	462,121
Depreciation		325,971	282,923
Amortisation		586,722	472,907
Movement in stocks		(18,851)	10,710
Movement in debtors		(208,455)	(6,190)
Movement in creditors		148,070	(90,243)
Net cash flow from operating activities		1,758,753	1,132,228
Cash flow statement			
Net cash inflow from operating activities		1,758,753	1,132,228
Returns on investments and servicing of finance	22	(345,047)	(349,897)
Taxation	22	(154,645)	(124,697)
Capital expenditure	22	(645,890)	(296,372)
Acquisitions and disposals	22	(1,323,498)	200,000
		(710,327)	561,262
Financing	22	2,074,165	(623,013)
Increase/ (decrease) in cash in the year		1,363,838	(61,751)
Reconciliation of net cash flow to movement in debt			
Cash flow in the year		1,363,838	(61,751)
Cash flow from movement in debt and lease financing		(2,074,165)	623,013
Change in net debt resulting from cash flows		(710,327)	561,262
Inception of hire purchase lease contracts		(194,914)	(96,922)
Amortised loan costs		(21,900)	(21,900)
Movement in net debt in the year	23	(927,141)	442,440
Net debt at beginning of year		(4,476,443)	(4,918,883)
Net debt at end of year		(5,403,584)	(4,476,443)

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, and under the historical cost accounting rules.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Meritas Developments Limited and all of its subsidiary undertakings for the period. Subsidiaries acquired during the period are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 March 2014.

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.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

GOING CONCERN

The company forms part of the Meritas Developments Limited group. The group meets its day to day working capital requirements through a revolving credit facility with its bankers.

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 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. Where samples are in progress at the end of a financial period these are included within sales at 50% of their sales value and carried as amounts due on contracts in the balance sheet.

INTANGIBLE ASSETS

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing the excess of the fair value of the consideration given over the fair values of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, up to a maximum of 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.

INVESTMENTS

Long term investments are classified as fixed assets. Short term investments are classified as current assets.

All investments are stated at cost in the balance sheet.

Provision is made for any impairment in the value of fixed asset investments.

FINANCIAL INSTRUMENTS

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 entity after deducting all of its financial liabilities.

All premiums or fees, paid or received, in respect of a financial instruments are accounted for over the life of the matched underlying asset, liability, income or cost.

TANGIBLE FIXED ASSETS AND DEPRECAITION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Improvements to property	10 years or life of lease whichever is shorter
Plant and machinery	8 years
Fixtures, fittings and equipment	3 years

LEASING AND HIRE PURCHASE AGREEMENTS

Assets held under finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such arrangements are included as creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant rate of charge on the net obligation outstanding in each period. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged against income on a straight line basis over the lease term.

STOCK

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

PENSION

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the Scheme in respect of the accounting period.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year it is incurred.

DEFERRED TAXATION

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less, in the future. Timing differences arise because of differences in the treatment of certain items for accounting and taxation purposes.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

When law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement.

FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2 TURNOVER

The total turnover of the Group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 OPERATING PROFIT

	2014	2013
	£	£
Operating profit is stated after charging/ (crediting):		
Operating lease costs	193,187	194,530
Depreciation – owned assets	274,644	198,803
Depreciation – assets on hire purchase contracts	51,327	84,120
Goodwill amortisation	586,722	472,907
Auditor's remuneration:		
- Audit work	23,000	26,000
- Other services	37,750	1,800
- Taxation services	4,750	3,767
Foreign exchange differences	(390)	(86)

Total fees payable to the auditors of the parent company and its subsidiaries during the year are as follows:

	2014	2013
	£	£
Statutory audit of the parent and consolidated accounts	3,000	4,000
Audit of subsidiaries	20,000	22,000
Taxation services	4,750	3,767
Services relating to corporate finance transactions	37,750	1,800

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Invoice financing charges	13,979	25,933
Hire purchase interest	17,841	18,138
Bank loan interest	22,212	13,875
Other loan interest	292,000	291,952
Amortisation of loan arrangement fees	21,900	21,900
	367,932	371,798

5 TAXATION ON ORDINARY ACTIVITIES

	2014	2013
	£	£
(a) Analysis of charge in the year		
Current tax		
UK corporation tax	197,656	144,745
Amounts relating to prior years	(46,357)	(60,990)
Current tax charge	151,299	83,755
Deferred tax		
Deferred tax charge for the current year (note 15)	14,808	22,429
Total taxation charge	166,107	106,184
(b) Factors affecting current tax charge		
Profit on ordinary activities before taxation	558,349	230,323
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23% (2013: 24%)	128,420	55,277
Effects of:		
Non-deductible expenses	129,047	113,498
Capital allowances in excess of depreciation	(53,908)	(20,544)
Marginal relief	-	(3,486)
Pre-acquisition costs	(5,903)	-
Adjustments in respect of prior periods	(46,357)	(60,990)
Current taxation charge	151,299	83,755

6 INTANGIBLE FIXED ASSETS

Group

	Goodwill
	£
Cost	
At 1 April 2013	4,729,071
Additions (note 28)	1,745,589
At 31 March 2014	6,474,660
Amortisation	
At 1 April 2013	1,102,883
Charge for the year	586,722
At 31 March 2014	1,689,605
Net book value	
At 31 March 2014	4,785,055
At 31 March 2013	3,626,188

7 TANGIBLE FIXED ASSETS

Group

	Improvements to property	Plant and machinery	Fixtures, Fittings & Equipment	Total
	£	£	£	£
Cost				
At 1 April 2013	150,812	2,848,364	480,430	3,479,606
Additions	-	590,926	289,884	880,810
At 31 March 2014	150,812	3,439,290	770,314	4,360,416
Depreciation				
At 1 April 2013	80,848	1,584,890	436,158	2,101,896
Charge for the year	15,081	289,065	21,825	325,971
At 31 March 2014	95,929	1,873,955	457,983	2,427,867
Net book value				
At 31 March 2014	54,883	1,565,335	312,331	1,932,549
At 31 March 2013	69,964	1,263,474	44,272	1,377,710

Included in the net book value of fixed assets is £282,910 (2013: £416,141) relating to assets held under hire purchase agreements. The depreciation charged to the profit and loss account in respect of these assets amounted to £51,327 (2013:£84,120).

8 INVESTMENTS

Company	2014	2013
	£	£
Cost and net book value:		
Investment in subsidiary undertaking	3,959,720	3,959,720
	3,959,720	3,959,720

The company holds 100% of the issued share capital of Cawood Scientific Limited.

Cawood Scientific Limited in turn owns 100% of the issued share capital of Sciantac Analytical Services Limited ("SAS"), Natural Resource Management Limited ("NRM") and Sci-Tech Laboratories Limited.

On 9th December 2013 Cawood Scientific Limited purchased 100% of the issued share capital of Sci-Tech Laboratories Limited (note 28). All companies are registered in England and Wales.

9 STOCK

Group	2014	2013
	£	£
Stock and consumables	155,826	107,972
	155,826	107,972

10 DEBTORS

Group	2014	2013
	£	£
Trade debtors	1,759,996	1,477,404
Amounts recoverable on contracts	154,925	85,288
Other debtors	75,534	-
Corporation tax	8,139	-
Prepayments and accrued income	142,705	127,338
	2,141,299	1,690,030

Company	2014	2013
	£	£
Amounts owed by subsidiary undertakings	2,377,477	608,024
Other debtors	13,155	9,630
	2,390,632	617,654

Included within prepayments and accrued income is £6 of unpaid share capital.

11 CREDITORS: Amounts falling due within one year

Group	2014	2013
	£	£
Bank loans and overdrafts (see note 13)	400,000	-
Invoice discounting (see note 13)	-	932,664
Deferred consideration	300,000	-
Amounts due under hire purchase contracts (see note 13)	129,474	127,334
Trade creditors	524,072	372,368
Corporation tax	203,146	83,091
Other taxes and social security costs	384,111	324,229
Accruals and deferred income	324,976	135,890
Other creditors	52,266	-
	2,318,045	1,975,576

Company	2014	2013
	£	£
Bank loan	400,000	-
Trade creditors	7,183	9,369
Amounts owed to subsidiary undertakings	404,340	747,842
Other creditors	13,279	-
	824,802	757,211

12 CREDITORS: Amounts falling due within after one year

Group	2014	2013
	£	£
Amounts due under hire purchase contracts (see note 13)	153,480	145,457
Bank loan	1,858,916	-
Other loans (net of finance costs see note 13)	3,613,500	3,591,600
	5,625,896	3,737,057

Company	2014	2013
	£	£
Bank loan	1,858,916	-
Other loans (net of finance costs)	3,613,500	3,591,600
	5,472,416	3,591,600

13 MATURITY OF LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

Group	2014	2013
Amounts falling due within one year or on demand	£	£
Invoice discounting	-	932,664
Bank loan	400,000	-
	400,000	932,664
Due in one to two years		
Bank loan	400,000	-
	400,000	-
Due in two to five years		
Bank loan	1,458,916	-
Other loan (gross value)	3,650,000	3,650,000
Unamortised finance costs	(36,500)	(58,400)
	5,072,416	3,591,600

Company	2014	2013
Amounts falling due within one year or on demand	£	£
Bank loan	400,000	-
Due in one to two years		
Bank loan	400,000	-
Due in two to five years:		
Bank loan	1,458,916	-
Other loan (gross)	3,650,000	3,650,000
Unamortised finance costs	(36,500)	(58,400)
	5,072,416	3,591,600

Obligations under hire purchase contracts and leases

Group	2014	2013
	£	£
Net obligations repayable:		
Within one year	129,474	127,334
Between one and five years	153,480	145,457
	282,954	272,791

14 SECURED DEBTS

The following secured debts are included within creditors:

Group	2014	2013
	£	£
Invoice discounting	-	932,664
Bank loan	2,258,916	-
Hire purchase contracts	282,954	272,791
Other loans (gross value)	3,650,000	3,650,000
	6,191,870	4,855,455

The group's banking facilities are secured by the following:

- A Debenture in favour of Natwest Bank plc over all assets of the company.

Bank loans relate to a revolving credit facility which reduces by £100,000 per quarter until it has reduced to £1.5m. Interest is payable at 2.75% above LIBOR.

Obligations under hire purchase agreements are secured upon the assets to which they relate.

Other loans due after more than one year include institutional loan notes of £3,650,000 redeemable in December 2016. These loan notes carry a coupon rate of 8% and are secured by a debenture and guarantee.

15 DEFERRED TAXATION

	Deferred tax liability
	£
At 1 April 2013	46,764
Deferred tax provision acquired in year	5,645
Profit and loss account charge	14,808
At 31 March 2014	67,217

The deferred tax liability is made up as follows:

	£
Accelerated capital allowances	69,217
Other timing differences on pension provision	(2,000)
	67,217

16 CALLED UP SHARE CAPITAL

	2014	2013
	£	£
Authorised, allotted, called up and fully paid		
92,308 A Ordinary shares of £0.01 each	923	923
407,692 B Ordinary shares of £0.001 each	408	408
100,000 C Ordinary shares of £0.01 each	1,000	1,000
	2,331	2,331

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 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 and C Ordinary shareholders after the first £1m and any dividends due 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.

The duration of the options is 10 years from date of grant and if the option holder ceases to be employed by the company, any options which have not been exercised at the date of cessation shall lapse. No charge relating to these share options has been recognised within the financial statements as it is deemed to be negligible.

17 STATEMENT OF MOVEMENT ON RESERVES

Group

	Share premium account	Profit and loss account
	£	£
Balance at 1 April 2013	603,791	756,993
Profit for the year	-	392,242
Balance at 31 March 2014	603,791	1,149,235

Company

	Share premium account	Profit and loss account
	£	£
Balance at 1 April 2013	603,791	(173,635)
Loss for the year	-	(350,121)
Balance at 31 March 2014	603,791	(523,756)

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2014	2013
	£	£
Opening shareholders' funds	1,363,115	1,238,976
Profit for the year	392,242	124,139
Closing shareholders' funds	1,755,357	1,363,115

Company

	2014	2013
	£	£
Opening shareholders' funds	432,487	711,467
Loss for the year	(350,121)	(278,980)
Closing shareholders' funds	82,366	432,487

19 DIRECTORS' REMUNERATION

	2014	2013
	£	£
Directors' remuneration	185,443	183,294
Pension contributions	14,452	12,520
Total	199,895	195,814

There were 2 directors (2013: 2) who accrued benefits under the company pension scheme.

20 DEFINED CONTRIBUTION PENSION SCHEME

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pensions cost charged for the period represents contributions payable by the group to the scheme and amounted to £84,888 (2013: £72,503).

The group had £14,532 (2013: £21,741) outstanding in relation to pension contributions at the end of the financial period.

21 PARTICULARS OF EMPLOYEES

Number of employees
The average number of employees in the group during the financial year:

	2014	2013
	Number	Number
Administration and management	42	34
Technical	110	98
	152	132

Employment costs - Group

	2014	2013
	£	£
Wages and salaries	3,655,664	3,091,196
Social security costs	298,520	288,342
Other pension costs	84,888	72,503
	4,039,072	3,452,041

22 NOTES TO THE CASH FLOW STATEMENT

	2014	2013
	£	£
Returns on investments and servicing of finance		
Loan interest paid	(328,191)	(349,897)
Hire purchase interest paid	(17,841)	-
Bank interest received	985	-
	(345,047)	(349,897)

	2014	2013
	£	£
Taxation		
Corporation tax paid	154,645	140,111

	2014	2013
	£	£
Capital expenditure		
Payments to acquire tangible fixed assets	645,890	296,372

	2014	2013
	£	£
Acquisitions and disposals		
Sale of trade investment	-	200,000
Purchase of subsidiary undertaking	(1,582,954)	-
Net cash acquired with subsidiary undertaking	259,456	-
	(1,323,498)	200,000

	2014	2013
	£	£
Financing		
Payment of HP loans	(184,751)	(147,188)
Payment of deferred consideration	-	(100,000)
New bank loan	2,258,916	-
Payment of bank loans	-	(375,825)
	2,074,165	(623,013)

23 ANAYSIS OF CHANGES IN NET DEBT

	Opening balance	Cash flows	Non cash movements	Closing balance
	£	£	£	£
Cash at bank and in hand	320,612	431,174	-	751,786
Invoice financing	(932,664)	932,664	-	-
	(612,052)	1,363,838	-	751,786
Bank loans	-	(2,258,916)	-	(2,258,916)
Other loans	(3,591,600)	-	(21,900)	(3,613,500)
HP contracts	(272,791)	184,751	(194,914)	(282,954)
	(3,864,391)	(2,074,165)	(216,814)	(6,155,370)
Total	(4,476,443)	(710,327)	(216,814)	(5,403,584)

24 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements have been prepared.

The company paid Carr-Hill Limited, a company of which Richard Sowerby is a director, £37,120 (2013: £33,921) for company secretarial and accounting services during the period of which £3,028 (2013: £3,028) was outstanding at the period end.

The company paid Hawkhills Consultancy Services Limited, a company of which Sir Ben Gill was a director, £26,759 (2013: £25,960) for consultancy services in the period, of which £Nil (2013: £2,179) remained outstanding at the year end.

Both these arrangements have been conducted under normal commercial terms.

The group paid rent of £43,000 (2013: £43,000) to Stockbridge Technology Centre Limited, an organisation of which Nigel Patrick is a director.

During the year the company paid £21,699 (2013: £20,000) to NVM Private Equity Limited for the services of Peter Hodson as a director, and £21,699 (2013: £20,000) for monitoring services.

25 CONTIGENT LIABILITIES

The Group has given an unlimited intercompany guarantee to Natwest Bank plc in connection with Meritas Development Limited group rolling credit facility. At the year end 31 March 2014 this amounted to £2.3m.

26 FINANCIAL COMMTMENTS

At 31 March 2014 the group was committed to making the following payments under non-cancellable operating leases:

	Land and buildings	
	2014	2013
	£	£
Operating leases which expire:		
In over five years	197,000	199,000

	Other	
	2014	2013
	£	£
Operating leases which expire:		
In over five years	2,280	-

There are no commitments for which no provision has been made in these financial statements.

27 CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £62,150 (2013 - £Nil).

28 SUBSIDIARY UNDERTAKING ACQUISITION

On 9th December 2013 Cawood Scientific Limited (a 100% subsidiary of the company) acquired 100% share capital of Sci-Tech Laboratories Limited. Cawood Scientific Limited accounted for the assets and liabilities using the acquisition method of accounting and has been consolidated at their fair value to the company based on their net realisable value, as set out below.

	Initial Book Value	Fair Value Adjustment	Fair Value at date of acquisition
	£	£	£
Intangible assets	612,769	(612,769)	-
Tangible fixed assets	41,951	(1,945)	40,006
Stock and work in progress	29,003	-	29,003
Debtors	234,675	-	234,675
Bank & cash	259,456	-	259,456
Creditors	(235,010)	(190,765)	(425,775)
Net assets acquired	942,844	(805,479)	137,365
Cash paid			(1,255,000)
Deferred cash consideration			(300,000)
Cash on completion			(259,456)
Acquisition costs			(68,498)
Investment cost			1,882,954
Goodwill			1,745,589

Goodwill of £1,745,589, being the difference between the fair value of net assets acquired and consideration paid, arises from this transaction (note 6). As at 31 March 2014 the net assets of Sci-Tech Laboratories Limited were £840,724. The results of Sci-Tech Laboratories Limited are disclosed under acquisitions in the Profit and Loss account.

29 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss after tax dealt with in the financial statements of the parent company was £350,121 (2012 - £278,980).