Company Registration No. 07246160 (England and Wales)

MERITAS DEVELOPMENTS LTD

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

MERITAS DEVELOPMENTS LTD

COMPANY INFORMATION

Directors	Mr N J Patrick Mrs L J Radnor Mr K N Cockwill Lord D T Y Curry of Kirkharle
Secretary	Brandish Consulting Limited
Company number	07246160
Registered office	Coopers Bridge Braziers Lane Winkfield Row Bracknell Berkshire RG42 6NS
Registered auditors	Baker Tilly UK Audit LLP Steam Mill Steam Mill Street Chester Cheshire CH3 5AN

MERITAS DEVELOPMENTS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The directors present the strategic report and financial statements for the year ended 31 March 2015.

Review of the business

Meritas Developments Limited is the parent company of Cawood Scientific Limited an independent provider of analytical testing services for the land-based industries. It operates through three separate divisions encompassing all aspects of agriculture, livestock and environmental materials.

During the year the group has traded satisfactorily despite difficult market conditions at the same time as managing significant board level management change. The group shows volume growth year on year, principal performance indicators remain satisfactory and the future outlook for growth remains positive.

Principal risks and uncertainties

The current and expected future trend within the market sectors covered is for a continuing increase in analytical 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.

Current market conditions, however, are relatively challenging reflecting the global volatility of food commodities, and the low market price of major agricultural staples in the main markets from which the group derives its testing client base.

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 governing the amount of credit offered to clients and regular monitoring of amounts outstanding. 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.

Interest rate risk

The company and group have loans totalling £5.6m subject to fixed interest rates and 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 and gross margin %. These KPIs for the year ended 31 March 2015 are as follows:

Sales	£10,098,543	(2014: £9,256,153)
Gross Margin	79.8%	(2014: 74.7%)

On behalf of the board

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Mr N J Patrick

Director

31st July 2015

MERITAS DEVELOPMENTS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and financial statements for the year ended 31 March 2015.

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 £164,049 (2014: £392,242). 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
- the acquisition of complementary businesses.

Political and charitable donations
There were no political or charitable donations in the period.

Directors
The following directors have held office since 1 April 2014:

Mr N J Patrick	
Mrs L J Radnor	
Mr K N Cockwill	(Appointed 1 November 2014)
Lord D T Y Curry of Kirkharle	(Appointed 1 July 2014)
Sir A B N Gill	(Deceased 8 May 2014)
Mr P S Hodson	(Resigned 1 November 2014)

Auditors
The auditor, Baker Tilly UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors
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 company.

On behalf of the board

Mr N J Patrick
Director
21st July 2015

MERITAS DEVELOPMENTS LTD

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

The directors are responsible for preparing the Strategic Report, 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 company and of the group 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 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group 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

We have audited the group and parent company financial statements ("the financial statements") on pages 5 to 22. 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 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.

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 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 2015 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 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.

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
Steam Mill Street
Chester
Cheshire
CH3 5AN

31st July 2015

MERITAS DEVELOPMENTS LTD

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 as restated £
Turnover	2	10,098,543	9,256,153
Cost of sales		(2,039,964)	(2,336,069)
Gross profit		8,058,579	6,920,084
Administrative expenses		(7,383,169)	(5,994,788)
Other operating income		3,440	-
Operating profit		678,850	925,296
Interest receivable and similar income		32	985
Interest payable and similar charges	4	(416,290)	(367,932)
Profit on ordinary activities before taxation	3	262,592	558,349
Tax on profit on ordinary activities	7	(98,543)	(166,107)
Profit on ordinary activities after taxation	19	164,049	392,242

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

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

Company Registration No. 07246160

MERITAS DEVELOPMENTS LTD
BALANCE SHEETS
AS AT 31 MARCH 2015

	Notes	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Fixed assets					
Intangible assets	9	4,319,028	4,785,055	-	-
Tangible assets	10	2,395,822	1,932,549	-	-
Investments	11	-	-	3,959,720	3,959,720
		6,714,850	6,717,604	3,959,720	3,959,720
Current assets					
Stocks	12	197,972	155,826	-	-
Debtors	13	2,061,244	2,141,299	1,390,124	2,390,632
Cash at bank and in hand		436,892	751,786	21,906	29,232
		2,696,108	3,048,911	1,412,030	2,419,864
Creditors: amounts falling due within one year	14	(1,851,201)	(2,318,045)	(485,429)	(824,802)
Net current assets		844,907	730,866	926,601	1,595,062
Total assets less current liabilities		7,559,757	7,448,470	4,886,321	5,554,782
Creditors: amounts falling due after more than one year	15	(5,515,362)	(5,625,896)	(5,202,816)	(5,472,416)
Provisions for liabilities	16	(124,989)	(67,217)	-	-
Net assets		1,919,406	1,755,357	(316,495)	82,366
Capital and reserves					
Called up share capital	18	2,331	2,331	2,331	2,331
Share premium account	19	603,791	603,791	603,791	603,791
Profit and loss account	19	1,313,284	1,149,235	(922,617)	(523,756)
Shareholders' funds	20	1,919,406	1,755,357	(316,495)	82,366

The financial statements on pages 5 to 22 were approved by the Board of Directors and authorised for issue on 23/7/2015 and are signed on its behalf by:

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Mr N J Patrick
Director

MERITAS DEVELOPMENTS LTD

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities	25	1,577,491	1,758,753
Returns from investment and servicing of finance	25	(394,358)	(345,047)
Taxation		(161,317)	(154,645)
Capital expenditure and financial investment	25	(526,192)	(645,890)
Acquisitions and disposals	25	(300,000)	(1,323,498)
Cash inflow/(outflow) before management of liquid resources and financing		195,624	(710,327)
Financing	25	(510,518)	2,074,165
(Decrease)/increase in cash in the year		(314,894)	1,363,838

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Notes	2015 £	2014 £
(Decrease)/increase in cash in the year		(314,894)	1,363,838
Net cash inflow/(outflow) from movement in debt and lease financing		510,518	(2,074,165)
Change in net debt resulting from cash flows		195,624	(710,327)
New finance leases		(418,657)	(194,914)
Amortised loan costs		(21,900)	(21,900)
Movement in net debt in the year		(244,933)	(927,141)
Opening net debt		(5,403,584)	(4,476,443)
Closing net debt	25	(5,648,517)	(5,403,584)

1 Accounting policies

Basis of accounting
The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

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.

Basis of consolidation
The consolidated financial statements incorporate those of Meritas Developments Ltd 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 economic useful life. Provision is made for any impairment. All financial statements are made up to 31 March 2015.

All intergroup 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.

Turnover
Turnover represents amounts receivable for goods and 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 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.

Goodwill
Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing the excess of the fair value of the consideration given over 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.

1 Accounting policies (Continued)

Research and development
Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related product. All research and other development costs are written off as incurred.

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost less depreciation and any provision for impairment. 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:

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

Leasing and hire purchase commitments
Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in 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 periodic rate of charge on the net obligation outstanding in each period.

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

Investments
Fixed asset investments are stated at cost less provision for diminution in value.

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

Pensions
The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Deferred taxation
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 group'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.

1 Accounting policies (Continued)

Foreign currency translation
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 profit and loss account.

Financial instruments
Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2015	2014
	£	£
Geographical segment		
United Kingdom	9,895,082	9,256,153
Europe	194,062	-
Rest of the World	9,399	-
	10,098,543	9,256,153

3 Profit on ordinary activities before taxation

	2015	2014
	£	£
Profit on ordinary activities before taxation is stated after charging/ (crediting):		
Amortisation of intangible assets	478,027	586,722
Depreciation of tangible fixed assets		
- owned	381,562	274,644
- held under finance leases and hire purchase contracts	88,014	51,327
Research and development	69,611	61,716
Operating lease rentals	208,340	193,187
Statutory audit of the parent and consolidated accounts	3,000	3,000
Audit of subsidiaries	20,300	20,000

The comparatives have been restated to include employee costs within administrative expenses, not cost of sales, as the directors are of the opinion that this is a more accurate reallocation of staff costs.

4 Interest payable and similar charges

	2015 £	2014 £
Invoice financing charges	6,770	13,979
On bank loans and overdrafts	73,307	22,212
Other loan interest	292,000	292,000
Amortisation of loan arrangement fees	21,900	21,900
Hire purchase interest	22,313	17,841
	416,290	367,932

5 Employees

Number of employees
The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Administration and management	48	42
Technical	122	110
	170	152

Employment costs	2015 £	2014 £
Wages and salaries	3,904,170	3,707,825
Social security costs	337,447	256,362
Other pension costs	136,648	74,888
	4,378,265	4,039,075

6	**Directors' remuneration**	**2015**	**2014**
		£	**£**
	Remuneration for qualifying services	312,342	185,443
	Company pension contributions to money purchase pension schemes	18,616	14,452
		330,958	199,895

The number of directors to whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2014 - 2).

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

	2015	2014
Remuneration for qualifying services	131,843	95,688
Company pension contributions to money purchase pension schemes	10,800	10,000

7 Tax on profit on ordinary activities

	2015	2014
	£	£
Current tax		
U.K. corporation tax	74,461	197,656
Adjustment in respect of prior years	(33,690)	(46,357)
Total current tax	40,771	151,299
Deferred tax		
Origination and reversal of timing differences	57,772	14,808
Total deferred tax	57,772	14,808
Total tax on profit on ordinary activities	98,543	166,107

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax of 21.00% (2014 - 23.00%). The differences are explained below:

	2015	2014
Profit on ordinary activities before taxation	262,592	558,349
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21% (2014 - 23%)	55,144	128,420
Effects of:		
Expenses not deductible for tax purposes	11,414	129,047
Depreciation and amortisation add back	168,078	75,229
Capital allowances	(177,205)	(129,137)
Adjustments to previous periods	(33,690)	(46,357)
Other tax adjustments	17,030	(5,903)
	(14,373)	22,879
Current tax charge for the year	40,771	151,299

8 Loss attributable to members of the parent company

	2015	2014
	£	£
Dealt with in the financial statements of the parent company	(398,861)	(350,121)

9 Intangible fixed assets

Group

	Goodwill
	£
Cost	
At 1 April 2014	6,474,660
Additions	12,000
At 31 March 2015	6,486,660
Amortisation	
At 1 April 2014	1,689,605
Charge for the year	478,027
At 31 March 2015	2,167,632
Net book value	
At 31 March 2015	4,319,028
At 31 March 2014	4,785,055

10 Tangible fixed assets

Group

	Land and buildings leasehold	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 April 2014	150,812	3,439,290	770,314	4,360,416
Additions	-	862,912	69,937	932,849
At 31 March 2015	150,812	4,302,202	840,251	5,293,265
Depreciation				
At 1 April 2014	95,929	1,873,955	457,983	2,427,867
Charge for the year	15,081	409,986	44,509	469,576
At 31 March 2015	111,010	2,283,941	502,492	2,897,443
Net book value				
At 31 March 2015	39,802	2,018,261	337,759	2,395,822
At 31 March 2014	54,883	1,565,335	312,331	1,932,549

10 Tangible fixed assets (Continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £
Net book values	
At 31 March 2015	829,777
At 31 March 2014	282,910
Depreciation charge for the year	
At 31 March 2015	88,014
At 31 March 2014	51,327

11 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 April 2014 & at 31 March 2015	3,959,720
Net book value	
At 31 March 2015	3,959,720
At 31 March 2014	3,959,720

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

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 Sciantec Analytical Services Limited, Natural Resource Management Limited and Sci-Tech Laboratories Limited.

All companies are incorporated in England and Wales.

The principal activity of these subsidiaries was analytical testing of animal nutrition materials, analytical testing of land based materials and agricultural laboratory services respectively.

At the start of the year Cawood Scientific Limited transferred the trade and all assets and liabilities of these three subsidiaries. The three subsidiaries have ceased to trade and now operate as trading divisions of Cawood Scientific Limited.

12 Stocks

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Raw materials and consumables	197,972	155,826	-	-

13 Debtors

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade debtors	1,827,037	1,759,996	-	-
Amounts recoverable on contracts	101,263	154,925	-	-
Amounts owed by group undertakings	-	-	1,384,475	2,377,477
Corporation tax	-	8,139	-	-
Other debtors	5,648	75,534	5,649	13,155
Prepayments and accrued income	127,296	142,705	-	-
	2,061,244	2,141,299	1,390,124	2,390,632

14 Creditors : amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans and overdrafts	400,000	400,000	400,000	400,000
Net obligations under finance lease and hire purchase contracts	170,047	129,474	-	-
Trade creditors	508,493	524,072	4,426	7,183
Amounts owed to group undertakings	-	-	-	404,340
Corporation tax	74,461	203,146	-	-
Taxation and social security costs	368,827	384,111	10,625	-
Other creditors	25,331	52,266	-	-
Deferred consideration	-	300,000		
Accruals and deferred income	304,042	324,976	70,378	13,279
	1,851,201	2,318,045	485,429	824,802

15 Creditors : amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	1,552,816	1,858,916	1,552,816	1,858,916
Other loans	3,650,000	3,613,500	3,650,000	3,613,500
Net obligations under finance leases and hire purchase agreements	312,546	153,480	-	-
	5,515,362	5,625,896	5,202,816	5,472,416
Analysis of loans				
Wholly repayable within five years	5,602,816	5,872,416	5,602,816	5,872,416
Included in current liabilities	(400,000)	(400,000)	(400,000)	(400,000)
	5,202,816	5,472,416	5,202,816	5,472,416
Debt maturity analysis				
Amounts payable:				
In more than one year but not more than two years	4,050,000	400,000	4,050,000	400,000
In more than two years but not more than five years	1,152,816	3,650,000	1,152,816	3,650,000
In more than five years	-	1,422,416	-	1,422,416

The group's banking facilities are secured by a debenture in favour of Natwest Bank plc over all assets of the group.

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.

Net obligations under finance leases and hire purchase contracts				
Amounts payable:				
Within one year	170,047	129,474	-	-
Within two to five years	312,546	153,480	-	-
	482,593	282,954	-	-
Included in liabilities falling due within one year	(170,047)	(129,474)	-	-
	312,546	153,480	-	-

16 Provisions for liabilities

Group

	Deferred taxation £
Balance at 1 April 2014	67,217
Profit and loss account	57,772
Balance at 31 March 2015	124,989

The deferred tax liability is made up as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Accelerated capital allowances	130,070	69,217	-	-
Other timing differences	(5,081)	(2,000)	-	-
	124,989	67,217	-	-

17 Retirement Benefits

Defined contribution scheme

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 pension cost charge represents contributions payable by the company to the fund.

	2015 £	2014 £
Contributions payable by the group for the year	136,648	74,888
Contributions payable to the fund at the year end and included in creditors	(25,405)	(14,532)

18 Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
92,300 A Ordinary shares of 1p each	923	923
408,000 B Ordinary shares of 0.1p each	408	408
100,000 C Ordinary shares of 1p 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 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.

The duration of the options is 10 years from the 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.

19 Reserves

Group

	Share premium account	Profit and loss account
	£	£
Balance at 1 April 2014	603,791	1,149,235
Profit for the year	-	164,049
Balance at 31 March 2015	603,791	1,313,284

Company

	Share premium account	Profit and loss account
	£	£
Balance at 1 April 2014	603,791	(523,756)
Loss for the year	-	(398,861)
Balance at 31 March 2015	603,791	(922,617)

20 Reconciliation of movements in shareholders' funds

Group	2015 £	2014 £
Profit for the financial year	164,049	392,242
Opening shareholders' funds	1,755,357	1,955,904
Closing shareholders' funds	1,919,406	1,755,357

Company	2015 £	2014 £
Loss for the financial year	(398,861)	(350,121)
Opening shareholders' funds	82,366	432,487
Closing shareholders' funds	(316,495)	82,366

21 Capital commitments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Contracted for but not provided in the financial statements	-	62,150	-	-

22 Commitments under operating leases

At 31 March 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2015 £	Land and buildings 2014 £	Other 2015 £	Other 2014 £
Expiry date:				
Within one year	80,000	-	1,157	-
Between two and five years	-	-	1,763	-
In over five years	84,033	197,000	-	2,280
	164,033	197,000	2,920	2,280

23 Contingent liabilities

Group

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 2015 this amounted to £2m.

24 Control

The group is controlled by its directors by virtue of their control over the financial and operating activities of the group.

25 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities	**2015**	**2014**
	£	**£**
Operating profit	678,850	925,296
Depreciation of tangible assets	469,576	325,971
Amortisation of intangible assets	478,027	586,722
Increase in stocks	(42,146)	(18,851)
Decrease/(increase) in debtors	71,916	(208,455)
(Decrease)/increase in creditors	(78,732)	148,070
Net cash inflow from operating activities	1,577,491	1,758,753

Analysis of cash flows for headings netted in the cash flow statement

	2015	**2014**
	£	**£**
Returns on investments and servicing of finance		
Interest received	32	985
Interest paid	(394,390)	(346,032)
Net cash outflow for returns on investments and servicing of finance	(394,358)	(345,047)
Capital expenditure and financial investment		
Purchase of intangible assets	(12,000)	-
Purchase of tangible assets	(514,192)	(645,890)
Net cash outflow from capital expenditure & financial investment	(526,192)	(645,890)
Acquisitions and disposals		
Purchase of subsidiary undertakings	(300,000)	(1,323,498)
Net cash outflow from acquisitions and disposals	(300,000)	(1,323,498)

25 Notes to the cash flow statement (Continued)

Financing		
New long term loans	-	2,258,916
Repayments of long term loans	(291,500)	-
Capital element of hire purchase contract payments	(219,018)	(184,751)
Net cash (outflow)/inflow from financing	(510,518)	2,074,165

Analysis of net debt

	1 April 2014	Cash flow	Other non-cash changes	31 March 2015
	£	£	£	£
Net cash:				
Cash at bank and in hand	751,786	(314,894)	-	436,892
Finance leases	(282,954)	219,018	(418,657)	(482,593)
Debts falling due within one year	(400,000)	-	-	(400,000)
Debts falling due after one year	(5,472,416)	291,500	(21,900)	(5,202,816)
Net debt	(5,403,584)	195,624	(440,557)	(5,648,517)

26 Related party relationships and transactions

Group

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

The company paid Carr-Hill Limited, a company of which Mr R Sowerby is a director, £nil (2014: £37,120) for company secretarial and accounting services during the period of which £nil (2014: £3,028) was outstanding at the period end.

The company paid Hawkhills Consultancy Services Limited, a company of which Sir B Gill was a director, £2,083 (2014: £26,759) for consultancy services, of which £nil (2014: £nil) remained outstanding at the period end.

Both these arrangements have been conducted under normal commercial terms.

The group paid rent of £43,000 (2014: £43,000) to Stockbridge Technology Centre Limited, a company which is wholly owned by STC Research Foundation in which Mr N Patrick is a director.

During the period the company paid £22,131 (2014: £21,699) to NVM Private Equity Limited for the services of Mr K Cockrill as a director, and £22,131 (2014: £21,699) for monitoring services, of which £11,066 (2014: £nil) was outstanding at the period end.

During the period the company paid £18,299 to Brandish Consulting Limited, a company owned by Mr R Powell, the group's finance director, of which £7,299 was outstanding at the period end.