

Company Registration No. 10586756 (England and Wales)

MERITAS GROUP HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020

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MERITAS GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Mrs L J Radnor
Mr N J Patrick
Lord Donald Curry of Kirkharle
Mr S R Stevenson
Mr S Parrington
Mr J H Smith

Secretary A G Secretarial Limited

Company number 10586756

Registered office

Coopers Bridge
Braziers Lane
Winkfield
Berkshire
RG42 6NS

Auditor

RSM UK Audit LLP
Chartered Accountants
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

MERITAS GROUP HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020, which has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to the company and its subsidiary undertakings when viewed as a whole. Meritas Group Holdings is the holding company of Meritas Group Limited which indirectly owns the Cawood Scientific Group.

Fair review of the business

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

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

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

For the year ended 31 March 2020, the company has reported a loss of £422,421 (2019: £294,053) and net liabilities of £1,093,101 (2019: £670,680).

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 company has no significant concentration of credit risk, with exposure spread over a large number of clients.

Interest risk

During the year, the group was acquired by WPEF V11 Holdings Corp with agreed credit facilities, in the form of term loan and RCF. The group is therefore exposed to interest rate risk on the drawn facility, all of which are subject to variable interest rates. To mitigate this risk the group has robust cash forecasting procedures and working capital requirements are regularly monitored in the light of changing operational requirements.

Financial risk

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

Development and performance

The group uses a number of measures to address performance. The key measures involve profitability, working capital and efficiency. The main measures are sales, gross margin % and debtor days. These KPIs for the period ended 31 March 2020 are as follows:

	2020
Sales	£17,641,645
Gross margin	77.8%
Debtor days	69
Company loss	£422,421

*Debtor days shown above have been calculated as if all subsidiaries acquired during the period were owned for the full reporting period as the directors believe this better represents the debtor days of the group.

MERITAS GROUP HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Future developments

Cawood believes the market will continue to evolve, driven by a combination of regulation, cost, an increasing awareness of the environment and a focus on crop yields. Looking forwards, the directors believe that the group is well positioned to gain revenue share in many of its markets as it expands its footprint via investment in the following areas:

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

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

Covid-19

The World Health Organization (WHO) announced on 31 January 2020 a global health emergency related to a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the associated risks to international communities, and the global economy, as the virus spreads beyond its point of origin. On 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic due to a rapid increase in global exposures. These events are having a significant negative impact on global stock markets, currencies, and general business activities. The timing and extent of the impact and recovery from the COVID-19 outbreak is unknown but may have an impact on the company's activities in an uncertain global market.

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

Impact on brexit

In June 2016, a UK referendum resulted in a vote for the country to leave the European Union and the resultant uncertainty adds to the challenges faced by UK business. This uncertainty may lead to volatility in markets with potential fluctuations in foreign exchange rates and interest rates. The majority of the group's sales are within the UK and where purchases are made, stocks are being increased to minimise the impact.

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

On behalf of the board



Mr S Parrington
Director

Date: 30/10/2020

MERITAS GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company was that of an intermediate holding company, which holds the group finance.

Directors

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

Mr C E Wormald (Resigned 18 July 2019)

Mrs L J Radnor

Mr N J Patrick

Lord Donald Curry of Kirkharle

Mr R Bell

(Resigned 17 July 2020)

Mr S R Stevenson

Mr S Parrington

(Appointed 17 July 2020)

Mr J H Smith

(Appointed 17 July 2020)

Results and dividends

The results for the year are set out on page 7.

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

Auditor

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

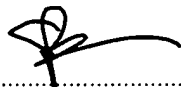
Strategic report

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr S Parrington

Director

Date: 30/10/2020

MERITAS GROUP HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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 company and of the profit or loss of the company 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 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 are also responsible for safeguarding the assets of the 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 GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Meritas Group Holdings Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERITAS GROUP HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Jonathan Da Costa FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
One London Square
Cross Lanes
Guildford
Surrey, GU1 1UN
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MERITAS GROUP HOLDINGS LIMITED

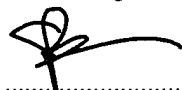
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover		-	-
Administrative expenses		(897,157)	(188,598)
Other operating income		920,663	178,263
Operating profit/(loss)		23,506	(10,335)
Interest receivable and similar income	6	411,602	-
Interest payable and similar expenses	7	(857,529)	(339,421)
Loss before taxation		(422,421)	(349,756)
Tax on loss	8	-	55,703
Loss for the financial year		(422,421)	(294,053)

MERITAS GROUP HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	9		1		1
Current assets					
Debtors falling due after more than one year	11	12,647,025	-	-	-
Debtors falling due within one year	11	3,982,621	4,322,850		
		<u>16,629,646</u>	<u>4,322,850</u>		
Creditors: amounts falling due within one year	12	<u>(124,924)</u>	<u>(559,491)</u>		
Net current assets			<u>16,504,722</u>		<u>3,763,359</u>
Total assets less current liabilities			<u>16,504,723</u>		<u>3,763,360</u>
Creditors: amounts falling due after more than one year	13		<u>(17,597,824)</u>		<u>(4,434,040)</u>
Net liabilities			<u>(1,093,101)</u>		<u>(670,680)</u>
Capital and reserves					
Called up share capital	16		9,990		9,990
Share premium account	17		115,989		115,989
Profit and loss reserves	17		<u>(1,219,080)</u>		<u>(796,659)</u>
Total equity			<u>(1,093,101)</u>		<u>(670,680)</u>

The financial statements were approved by the board of directors and authorised for issue on 30/10/2020 and are signed on its behalf by:



Mr S Parrington
Director

MERITAS GROUP HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2018	9,990	115,989	(502,606)	(376,627)
Year ended 31 March 2019:				
Loss and total comprehensive income for the year	-	-	(294,053)	(294,053)
Balance at 31 March 2019	9,990	115,989	(796,659)	(670,680)
Year ended 31 March 2020:				
Loss and total comprehensive income for the year	-	-	(422,421)	(422,421)
Balance at 31 March 2020	9,990	115,989	(1,219,080)	(1,093,101)

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Meritas Group Holdings Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Coopers Bridge, Braziers Lane, Winkfield, Berkshire, RG42 6NS.

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

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

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

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Going concern

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

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

The directors have prepared forecasts for the group for a period of 12 months from the date of approval of these financial statements. These forecasts take account of reasonable possible changes in trading performance in all areas of the business and cashflow actions required should they be needed.

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

The directors have given consideration to the unprecedented impact of COVID-19 on the company with an immediate review of trade and plans to preserve the solvency of the business. The directors have reviewed government backed reliefs and have used these where required. The directors will continue to review the company position and react accordingly to ensure there is sufficient cash headroom within the current facilities.

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

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

Financial instruments

The company 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 company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 amounts due from fellow group companies, 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.

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and amounts due to 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 company are recorded at the fair value of proceeds received, net of transaction costs.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

There are no accounting policies that are considered to be critical, because they either require a significant amount of management judgement or the results are material to the company financial statements.

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.

Recoverability of group balances

Estimates are made relating to the recoverability of intercompany debtor balances to reflect unrecoverable amounts due to known defaults and defaults incurred but not reported at the year end. The directors consider the solvency and future trading forecasts of subsidiaries to determine whether the group company balances are impaired. The directors have assessed that no provision against intercompany balances outstanding at the reporting date is required (2019: £nil).

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

3 Employees

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

	2020 Number	2019 Number
Administration and management	4	-

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	568,250	-
Social security costs	80,783	-
Pension costs	32,052	-
	681,085	-

4 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	555,376	-
Company pension contributions to defined contribution schemes	28,000	-
	583,376	-

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - nil).

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

	2020 £	2019 £
Remuneration for qualifying services	210,000	-

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	2,200	9,700
For other services		
Taxation compliance services	1,630	1,400
All other non-audit services	2,441	2,325
	4,071	3,725

6 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest receivable from group companies	411,602	-

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest payable to group undertakings	751,187	-
Other interest on financial liabilities	106,342	339,421
	857,529	339,421

8 Taxation

	2020	2019
	£	£
Current tax		
Group tax relief	-	(55,703)

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8 Taxation (Continued)

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

	2020 £	2019 £
Loss before taxation	(422,421)	(349,756)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(80,260)	(66,454)
Tax effect of expenses that are not deductible in determining taxable profit	139,236	11,796
Tax effect of income not taxable in determining taxable profit	(68,285)	-
Change in unrecognised deferred tax assets	10,099	(865)
Effect of change in corporation tax rate	(790)	(180)
Taxation charge/(credit) for the year	-	(55,703)

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. In March 2020 the Chancellor announced that tax rate would remain at 19%, however, this rate had not been substantively enacted at the reporting date.

9 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	10	1	1

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2019 & 31 March 2020	1
Carrying amount	
At 31 March 2020	1
At 31 March 2019	1

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

10 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Cawood Scientific Limited	Analytical testing of land based materials	Ordinary	-	100.00
Enital Services Limited (previously Enital Ltd)	Dormant	Ordinary	-	100.00
Enital Water Ltd	Dormant	Ordinary	-	100.00
Enital Limited (previously Initial Projects Limited)	Provision of specialist environmental services	Ordinary	-	100.00
Mambo-Tox Limited	Dormant	Ordinary	-	100.00
Meritas Developments Limited	Holding company	Ordinary	-	100.00
Natural Resource Management Limited	Dormant	Ordinary	-	100.00
Sci-Tech (Ireland) Limited	Dormant	Ordinary	-	100.00
Sci-Tech Laboratories Limited	Dormant	Ordinary	-	100.00
Sciantec Analytical Services Limited	Dormant	Ordinary	-	100.00
Meritas Group Limited	Holding company	Ordinary	100.00	-
Marchwood Scientific Services Limited	Technical testing and analysis	Ordinary	-	100.00
Marchwood Scientific Services (Holdings) Limited	Holding company	Ordinary	-	100.00

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

11 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	3,972,959	4,276,507
Other debtors	9,662	902
Prepayments and accrued income	-	45,441
	<u>3,982,621</u>	<u>4,322,850</u>
	2020	2019
	£	£
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>12,647,025</u>	<u>-</u>
Total debtors	<u>16,629,646</u>	<u>4,322,850</u>

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

11 Debtors (Continued)

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

12 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	33,684	-
Amounts owed to group undertakings	-	522,740
Taxation and social security	41,037	-
Accruals and deferred income	50,203	36,751
	<u>124,924</u>	<u>559,491</u>

13 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Loans from group undertakings	14	17,597,824	-
Other borrowings	14	-	4,434,040
		<u>17,597,824</u>	<u>4,434,040</u>

Other borrowings represent loan notes that incur interest at 8% per annum, which is rolled up into the balance, and are repayable in March 2024, the loan notes are secured by fixed and floating charge over all of the group's properties. All amounts were repaid in July 2019.

The long-term loans from group undertakings accrue compounding interest on the outstanding balance at either the rate of 10% per annum or 10% per annum above the base rate of the Bank of England. The loans are unsecured and are repayable on demand in full by the Lender on or after the earlier of a Sale or Listing, or 18 July 2026 or 10 March 2027, depending on the loan note.

14 Borrowings

	2020 £	2019 £
Loans from group undertakings	17,597,824	-
Other loans	-	4,434,040
	<u>17,597,824</u>	<u>4,434,040</u>
Payable after one year	<u>17,597,824</u>	<u>4,434,040</u>

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

14 Borrowings (Continued)

Other borrowings represent loan notes that incur interest at 8% per annum, which is rolled up into the balance, and are repayable in March 2024, the loan notes are secured by fixed and floating charge over all of the group's properties. All amounts were repaid in July 2019.

The long-term loans from group undertakings accrue compounding interest on the outstanding balance at either the rate of 10% per annum or 10% per annum above the base rate of the Bank of England. The loans are unsecured and are repayable on demand in full by the Lender on or after the earlier of a Sale or Listing, or 18 July 2026 or 10 March 2027, depending on the loan note.

15 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	32,052	-

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The company had no outstanding pension contributions at the reporting date

16 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
630,795 Ordinary A shares of 1p each	-	6,308
169,205 Ordinary B shares of 1p each	-	1,692
164,000 Ordinary C shares of 1p each	-	1,640
35,000 Ordinary D shares of 1p each	-	350
999,000 Ordinary shares of 1p each	9,990	-
	<u>9,990</u>	<u>9,990</u>

On 20th September 2019 a written resolution was passed to redesignate the Ordinary A, B, C and D shares to Ordinary shares.

The Ordinary shares have attached to them full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

Ordinary A, B, C and D shares were non redeemable and carried the right to one vote at general meetings, any dividends ranked pari passu with other ordinary shares.

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

17 Reserves

Share premium

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

Profit and loss reserves

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

18 Financial commitments, guarantees and contingent liabilities

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

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

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

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

19 Events after the reporting date

Since the year end, the consequences of the COVID-19 outbreak have materially and adversely disrupted the global economic situation. The Directors are taking appropriate action to monitor, address and mitigate the uncertainties and risks facing the company as a result. These additional uncertainties have been taken into account in assessing the going concern position by the Directors. It is not possible to reliably estimate the duration and severity of the economic consequences of the pandemic, and its impact on the financial position and results of the company for future periods, although as stated in the Strategic Report it is expected that the company is well-placed to overcome these foreseeably, additional detail is included in note 1.

20 Related party transactions

Transactions with related parties

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

	Purchases	
	2020	2019
	£	£
Entities with control, joint control or significant influence over the company	-	514,262

MERITAS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

20 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	-	4,448,872

The amounts due to related parties represent loan notes that incur interest at 8% per annum, which is rolled up into the balance, and are repayable in March 2024, the loan notes are secured by fixed and floating charge over all of the group's properties. Interest charged on the loan notes in the year ended 31 March 2020 was £106,342 (2019: £339,421).

Directors fees of £20,723 (2019: £nil) were charged to the company by Inflexion TIC Services Holdings LLP.

21 Ultimate controlling party

At the year end the company's immediate parent undertaking is Meritas Scientific Limited, a company registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed Meritas Group Holdings Limited. Copies of the financial statements of Meritas Group Holdings Limited can be obtained from its registered office of Coopers Bridge, Braziers Lane, Winfield Row, Bracknell, RG24 6NS, or from the Registrar of Companies, Companies House.

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

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