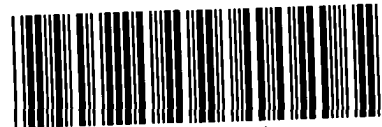


Company Registration No. 10586756 (England and Wales)

**MERITAS GROUP HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**31 MARCH 2018**

THURSDAY



\*L7EFMJ2W\*  
LD2 13/09/2018 #116  
COMPANIES HOUSE

# MERITAS GROUP HOLDINGS LIMITED

## COMPANY INFORMATION

---

**Directors**  
Mr C E Wormald  
Mrs L J Radnor  
Mr N J Patrick  
Lord Curry of Kirkharle  
Mr R Bell  
Lord Fitzalan-Howard of Arundel

**Company number** 10586756

**Registered office**  
Coopers Bridge  
Braziers Lane  
Winkfield Row  
Bracknell  
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 PERIOD ENDED 31 MARCH 2018**

---

The directors present the strategic report for the period ended 31 March 2018.

Meritas Group Holdings was incorporated on 27 January 2017 and is the holding company of the Cawood Scientific Group.

#### **Principal activities and review of the business**

The group is an independent provider of analytical testing services for the land-based agricultural sector. The principal activity of the company is an intermediate holding company. It operates through three separate divisions encompassing testing across the agriculture, livestock and environmental materials spectrum. During the period the group has traded satisfactorily with revenue and profitability in line with the business plan. The directors feel that the future outlook for growth remains positive.

During the period under review, the group completed three acquisitions, funded through a combination of external funding and group cash.

Mambo-Tox Limited is an independent contract research organisation, primarily focused on the evaluation of agrochemicals and biocides for the agrochemical and chemical industries, producing reliable and robust data to satisfy the customers regulatory requirements. Mambo-Tox specialises in studies in terrestrial ecotoxicology and also undertake a wide range of specialist studies to evaluate the efficacy of agrochemical products, under both laboratory and field conditions. During the year the company was acquired by the group and has traded satisfactorily, showing sales and profit growth year on year.

Sci-Tech (Ireland) Limited is an independent provider of comprehensive analytical testing, predominantly for the poultry & agricultural sectors. During the year the company was acquired by the group and has traded satisfactorily, showing sales and profit growth year on year.

Initial Projects Limited is a leading independent provider of emission and pollution monitoring, control and management services in the UK. Our environmental monitoring and sampling activities cover gas, landfill gas, surface water level, flow and quality, groundwater level, recharge and quality, noise, air quality, soil contamination and effluent. The company has a unique offering of environmental expertise from experienced personnel with direct experience of the management of landfill sites and the operation of environmental control and monitoring systems who have worked in senior positions in major waste operators and are familiar with delivery of cost-effective solutions recognising regulatory compliance and public safety combined with innovative control equipment to ensure clients have a cost-effective and compliant solution. During the year the company was acquired by the group and has traded satisfactorily, showing sales and profit growth year on year.

#### **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 agreed new 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.

---

# MERITAS GROUP HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

---

### 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 agreed new 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 2018 are as follows:

	<u>2018</u>
Sales	£16,599,562
Gross Margin %	79.0%
Debtor days*	58

\*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.

### Future developments

The group anticipates further growth in sales via investment in the following areas:

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

On behalf of the board



Mr R Bell

Director

Date: 23/2/18

# MERITAS GROUP HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 MARCH 2018

---

The directors present their annual report and financial statements for the period from incorporation at 27 January 2017 to 31 March 2018.

#### Principal activities

The principal activity of the company was a holding company and the group was that of an independent provider of analytical testing services for the land-based agricultural sector.

#### Directors

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

Inhoco Formations Limited	(Appointed 27 January 2017 and resigned 8 March 2017)
A G Secretarial Limited	(Appointed 27 January 2017 and resigned 8 March 2017)
Mr J F Hartz	(Appointed 8 March 2017 and resigned 26 October 2017)
Roger Hart	(Appointed 27 January 2017 and resigned 8 March 2017)
Mr C E Wormald	(Appointed 8 March 2017)
Mrs L J Radnor	(Appointed 9 March 2017)
Mr N J Patrick	(Appointed 9 March 2017)
Lord Curry of Kirkharle	(Appointed 9 March 2017)
Mr R Bell	(Appointed 26 October 2017)
Mr Henry Miles Arundel	(Appointed 26 October 2017)

#### Results and dividends

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

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

#### Auditor

RSM UK Audit LLP were appointed as auditor to the group and is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

#### 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.

#### Strategic report

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

On behalf of the board



Mr R Bell  
Director

Date: 23/8/18

# **MERITAS GROUP HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE PERIOD ENDED 31 MARCH 2018**

---

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 group and company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERITAS GROUP HOLDINGS LIMITED**

---

## **Opinion**

We have audited the financial statements of Meritas Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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 group's and the parent company's affairs as at 31 March 2018 and of the group's loss for the period 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.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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 group's or the parent 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 our audit:

- the information given in the strategic report and the directors' report for the financial period 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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.

*RSM UK Audit LLP*

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

23.8.18



# MERITAS GROUP HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018

	Notes	Period ended 31 March 2018 £
<b>Turnover</b>	<b>3</b>	16,599,562
Cost of sales		(3,488,191)
<b>Gross profit</b>		13,111,371
Administrative expenses		(13,813,234)
<b>Operating loss</b>	<b>6</b>	(701,863)
Interest receivable and similar income	<b>8</b>	176
Interest payable and similar expenses	<b>9</b>	(2,077,301)
<b>Loss before taxation</b>		(2,778,988)
Tax on loss	<b>10</b>	(210,892)
<b>Loss for the financial period</b>		(2,989,880)

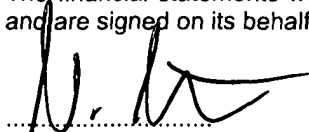
Loss for the financial period is all attributable to the owners of the parent company

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

**MERITAS GROUP HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2018**

	Notes	2018 £	£
<b>Fixed assets</b>			
Goodwill	11	30,077,821	
Tangible assets	12	3,708,883	
			<u>33,786,704</u>
<b>Current assets</b>			
Stocks	16	372,857	
Debtors	17	5,213,101	
Cash at bank and in hand		1,916,307	
			<u>7,502,265</u>
<b>Creditors: amounts falling due within one year</b>	18	(8,351,082)	
<b>Net current liabilities</b>			<u>(848,817)</u>
<b>Total assets less current liabilities</b>			<u>32,937,887</u>
<b>Creditors: amounts falling due after more than one year</b>	19	(35,548,994)	
<b>Provisions for liabilities</b>	22	(252,794)	
<b>Net liabilities</b>			<u>(2,863,901)</u>
<b>Capital and reserves</b>			
Called up share capital	25	9,990	
Share premium account	26	115,989	
Profit and loss reserves	26	(2,989,880)	
<b>Total equity</b>			<u>(2,863,901)</u>

The financial statements were approved by the board of directors and authorised for issue on 23/4/18...  
and are signed on its behalf by:



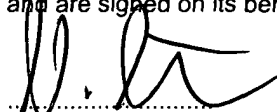
Mr N J Patrick  
Director

**MERITAS GROUP HOLDINGS LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2018**

	Notes	2018 £	£
<b>Fixed assets</b>			
Investments	13		1
<b>Current assets</b>			
Debtors	17	4,226,785	
Creditors: amounts falling due within one year	18	(210,028)	
<b>Net current assets</b>			4,016,757
<b>Total assets less current liabilities</b>			4,016,758
Creditors: amounts falling due after more than one year	19	(4,393,385)	
<b>Net liabilities</b>			(376,627)
<b>Capital and reserves</b>			
Called up share capital	25		9,990
Share premium account	26		115,989
Profit and loss reserves	26		(502,606)
<b>Total equity</b>			(376,627)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the period was £502,606.

The financial statements were approved by the board of directors and authorised for issue on 23/8/18 and are signed on its behalf by:



Mr N J Patrick  
Director

# MERITAS GROUP HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Period ended 31 March 2018:</b>					
Loss and total comprehensive income for the period		-	-	(2,989,880)	(2,989,880)
Issue of share capital	25	9,990	115,989	-	125,979
<b>Balance at 31 March 2018</b>		<u>9,990</u>	<u>115,989</u>	<u>(2,989,880)</u>	<u>(2,863,901)</u>

# MERITAS GROUP HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

---

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Period ended 31 March 2018:</b>					
Loss and total comprehensive income for the period		-	-	(502,606)	(502,606)
Issue of share capital	25	9,990	115,989	-	125,979
<b>Balance at 31 March 2018</b>		<u>9,990</u>	<u>115,989</u>	<u>(502,606)</u>	<u>(376,627)</u>

---

# MERITAS GROUP HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2018

	Notes	2018 £	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	1,339,417	
Interest paid		(2,077,301)	
Income taxes paid		(351,727)	
<b>Net cash outflow from operating activities</b>			(1,089,611)
<b>Investing activities</b>			
Purchase of intangible assets		(60,000)	
Purchase of tangible fixed assets		(869,478)	
Purchase of subsidiaries (net of cash acquired)		(30,797,007)	
Interest received		176	
<b>Net cash used in investing activities</b>			(31,726,309)
<b>Financing activities</b>			
Proceeds from issue of shares		125,979	
Proceeds from borrowings		19,817,782	
Repayment of borrowings		(6,000,000)	
Proceeds of new bank loans		20,929,602	
Payment of finance leases obligations		(141,136)	
<b>Net cash generated from financing activities</b>			34,732,227
<b>Net increase in cash and cash equivalents</b>			1,916,307
Cash and cash equivalents at beginning of period			-
<b>Cash and cash equivalents at end of period</b>			<u>1,916,307</u>

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 1 Accounting policies

##### **Company information**

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

The group consists of Meritas Group Holdings Limited and all of its subsidiaries.

The company's and the group'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 company has early adopted the amendments to FRS102 issued in December 2017 following the Triennial Review 2017.

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

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

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

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

##### **Basis of consolidation**

The consolidated financial statements incorporate those of Meritas Group Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# **MERITAS GROUP HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 31 MARCH 2018**

---

#### **1 Accounting policies (Continued)**

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

#### **Going concern**

The company meets its day to day working capital requirements through support from other entities within the group. The group 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 company 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 company 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 has 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.

#### **Reporting period**

The group presents its financial statements for the period from incorporation on 27 January 2017 to 31 March 2018. The group extended its reporting period to over a year so as to align its reporting date with the rest of the group.

#### **Turnover**

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### **Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.



# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 1 Accounting policies (Continued)

##### **Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

##### **Tangible fixed assets**

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

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

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

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

##### **Fixed asset investments**

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

##### **Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

---

### 1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **Stocks**

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

#### **Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

---

### 1 Accounting policies (Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### ***Equity instruments***

Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### ***Taxation***

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

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

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

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

# **MERITAS GROUP HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 31 MARCH 2018**

---

#### **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.

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

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

#### **Provisions**

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

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

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### **Retirement benefits**

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

#### **Leases**

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

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

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

---

### 1 Accounting policies (Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Amounts recoverable on contracts***

The group operates customer contracts which extend over the reporting date giving rise to amounts recoverable on contracts.

The group makes estimates and assumptions as to the stage of completion of these contracts based on the average stage of completion of all contracts underway at the reporting period end. The group also makes estimates and assumptions as to the stage of completion of these contracts by assessing the percentage complete based on reaching internally set milestones.

#### ***Dilapidations provision***

In calculating the provision required in respect of dilapidations, management makes judgments as to the likelihood of the group being required to fulfil their obligation and provides for this accordingly. Following their assessment and review in the current year, the directors have determined an additional provision of £50,000 is necessary and have therefore increased the dilapidations provision accordingly in these financial statements.

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Depreciation and useful economic life

The depreciation and amortisation charges, in respect of intangible and tangible fixed assets, are based upon estimates of the useful economic lives of the assets involved. Useful economic life is assessed initially upon acquisition of the asset and therefore reviewed annually taking into account any revisions of future use of those assets. The judgements involved are informed by historical experience in relation to similar assets.

#### Goodwill

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

#### Deferred consideration

A major area of estimation uncertainty is the value of the deferred consideration for the purchase of 3 subsidiaries in the period. This value, as calculated in note 15 is £3,830,000. The actual value paid out in the future may differ as the deferred consideration is dependent on performance of entities and other conditions. It is believed that all targets will be met based on current performance and therefore deferred consideration has been based on current predictions.

### 3 Turnover and other revenue

	2018 £
<b>Turnover analysed by class of business</b>	
Analytical testing services	16,599,562
	<hr/>
	2018 £
<b>Other revenue</b>	
Interest income	176
	<hr/>
	2018 £
<b>Turnover analysed by geographical market</b>	
United Kingdom	15,249,590
Europe	361,304
Rest of the world	988,668
	<hr/>
	16,599,562
	<hr/>

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 4 Employees

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

	<b>Group 2018 Number</b>
Administration and management	49
Technical	164
	<u>213</u>

Their aggregate remuneration comprised:

	<b>Group 2018 £</b>
Wages and salaries	6,123,226
Social security costs	545,308
Pension costs	198,642
	<u>6,867,176</u>

The company had no employees during the period.

### 5 Directors' remuneration

	<b>2018 £</b>
Remuneration for qualifying services	565,849
Company pension contributions to defined contribution schemes	23,800
Sums paid to third parties for directors' services	159,041
	<u>748,690</u>

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

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

	<b>2018 £</b>
Remuneration for qualifying services	190,507
Company pension contributions to defined contribution schemes	11,800
	<u></u>

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 6 Operating loss

	2018 £
Operating loss for the period is stated after charging:	
Exchange losses	4,965
Research and development costs	4,934
Depreciation of owned tangible fixed assets	526,950
Depreciation of tangible fixed assets held under finance leases	152,839
Amortisation of intangible assets	2,508,093
Cost of stocks recognised as an expense	1,953,178
Operating lease charges	320,460
	<u>                    </u>

Exchange differences recognised in profit or loss during the period, except for those arising on financial instruments measured at fair value through profit or loss, amounted to a loss of £4,965.

### 7 Auditor's remuneration

	2018 £
Fees payable to the company's auditor and its associates:	
<b>For audit services</b>	
Audit of the financial statements of the group and company	11,500
Audit of the financial statements of the company's subsidiaries	45,500
	<u>                    </u>
	57,000
	<u>                    </u>

### 8 Interest receivable and similar income

	2018 £
<b>Interest income</b>	
Other interest income	176
	<u>                    </u>

### 9 Interest payable and similar expenses

	2018 £
Interest on bank overdrafts and loans	518,647
Interest payable to group undertakings	1,190,744
Other interest on financial liabilities	328,133
Interest on finance leases and hire purchase contracts	39,777
	<u>                    </u>
Total interest payable and similar expenses	2,077,301
	<u>                    </u>



# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 10 Taxation

	<b>2018</b> <b>£</b>
<b>Current tax</b>	
UK corporation tax on profits for the current period	246,404
Adjustments in respect of prior periods	(22,573)
Total current tax	<u>223,831</u>
<b>Deferred tax</b>	
Origination and reversal of timing differences	(11,712)
Changes in tax rates	(1,227)
Total deferred tax	<u>(12,939)</u>
Total tax charge for the period	<u>210,892</u>

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

	<b>2018</b> <b>£</b>
Loss before taxation	<u>(2,778,988)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(528,008)
Tax effect of expenses that are not deductible in determining taxable profit	528,559
Change in unrecognised deferred tax assets	163,259
Effect of change in deferred tax rate	(3,406)
Fixed asset differences	29,302
Other permanent differences	32,893
Under/(over) provided in prior years	(22,573)
Other deferred tax adjustment	10,866
Taxation charge for the period	<u>210,892</u>

During the year, the Finance Act 2016 was enacted so as to reduce the corporation tax rate to 17% for the financial year 2020. As a result of previous legislation affecting the UK tax rate, the main rate of corporation tax reduced from 20% to 19% with effect from 1 April 2017.

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 11 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 27 January 2017	-
Additions - business combinations (note 15)	32,585,914
At 31 March 2018	32,585,914
<b>Amortisation and impairment</b>	
At 27 January 2017	-
Amortisation charged for the period	2,508,093
At 31 March 2018	2,508,093
<b>Carrying amount</b>	
At 31 March 2018	30,077,821

The company had no intangible fixed assets at 31 March 2018.

## MERITAS GROUP HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

#### 12 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 27 January 2017	-	-	-	-	-	-
Additions	33,236	239,836	436,841	45,615	113,950	869,478
Business combinations	483,128	348,188	5,016,514	760,240	152,737	6,760,807
At 31 March 2018	516,364	588,024	5,453,355	805,855	266,687	7,630,285
<b>Depreciation and impairment</b>						
At 27 January 2017	-	-	-	-	-	-
Depreciation charged in the period	12,286	58,998	559,256	44,854	4,395	679,789
Business combinations	56,190	53,969	2,669,586	453,089	8,779	3,241,613
At 31 March 2018	68,476	112,967	3,228,842	497,943	13,174	3,921,402
<b>Carrying amount</b>						
At 31 March 2018	447,888	475,057	2,224,513	307,912	253,513	3,708,883

The company had no tangible fixed assets at 31 March 2018.

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 12 Tangible fixed assets (Continued)

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

	Group 2018 £	Company 2018 £
Plant and equipment	815,919	-
Depreciation charge for the period in respect of leased assets	152,839	-

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

### 13 Fixed asset investments

	Notes	Group 2018 £	Company 2018 £
Investments in subsidiaries	14	-	1

#### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 27 January 2017	-
Additions	1
At 31 March 2018	1
<b>Carrying amount</b>	
At 31 March 2018	1

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 14 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Meritas Group Limited	Holding company	Ordinary	100.00	-
Meritas Developments Limited	Holding company	Ordinary	-	100.00
Cawood Scientific Limited	Analytical testing services for the land-based agricultural sector	Ordinary	-	100.00
Scianteq Analytical Services Limited	Dormant	Ordinary	-	100.00
Natural Resource Management Limited	Dormant	Ordinary	-	100.00
Sci-Tech Laboratories Limited	Dormant	Ordinary	-	100.00
Mambo-Tox Limited	Analytical testing of terrestrial ecotoxicology	Ordinary	-	100.00
Sci-Tech (Ireland) Limited	Analytical testing	Ordinary	-	100.00
Initial Projects Limited	Provision of specialist environmental services	Ordinary	-	100.00
Enitial Water Ltd	Dormant	Ordinary	-	100.00
Enitial Ltd	Dormant	Ordinary	-	100.00

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

During the period the company acquired 100% of the share capital of Meritas Group Limited. During the period the group acquired 100% of the share capital of Mambo-Tox Limited, Sci-Tech (Ireland) Limited, and Initial Projects Limited. The acquisition of Initial projects Limited also resulted in the acquisition of its two subsidiaries Enitial Water Ltd and Enitial Ltd, further detail on the acquisitions that took place in the year can be found in note 15.

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 15 Acquisitions

Meritas Group Holdings Limited purchased the entire issued share capital of Meritas Group Limited on 27 January 2017 for £1.

On 6 November 2017 the group acquired the trade of Wincanton Laboratory Limited for consideration of £60,000.

	Book Value £	Adjustments £	Fair Value £
	-	-	-
Goodwill			60,000
Total consideration			60,000
The consideration was satisfied by:			£
Cash			30,000
Deferred consideration			30,000
			60,000

On 9 March 2017 the group acquired 100 percent of the issued capital of Meritas Developments Ltd for consideration of £18,533,845.

	Book Value £	Adjustments £	Fair Value £
Intangible assets	3,048,053	(3,048,053)	-
Property, plant and equipment	2,755,837	-	2,755,837
Inventories	185,097	-	185,097
Trade and other receivables	2,230,154	-	2,230,154
Cash and cash equivalents	1,884,120	-	1,884,120
Other tax and social security	(412,233)	-	(412,233)
Obligations under finance leases	(630,852)	-	(630,852)
Trade and other payables	(6,194,024)	-	(6,194,024)
Tax liabilities	(158,932)	-	(158,932)
Deferred tax	(148,934)	-	(148,934)
Provisions for liabilities	-	(27,500)	(27,500)
Total identifiable net assets	2,558,286	(3,075,553)	(517,267)
Goodwill			19,051,112
Total consideration			18,533,845

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2018

#### 15 Acquisitions (Continued)

The consideration was satisfied by: £

Cash	13,479,542
Loans	3,755,392
Acquisition costs	1,298,911
	<u>18,533,845</u>

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition: £

Turnover	16,599,562
Profit after tax	<u>1,702,389</u>

On 22 May 2017 the group acquired 100 percent of the issued capital of Mambo-Tox Limited for consideration of £7,632,596.

	Book Value £	Adjustments £	Fair Value £
Tangible fixed assets	28,668	-	28,668
Debtors	337,610	(10,106)	327,504
Cash and cash equivalents	1,422,203	-	1,422,203
Prepayments	64,616	-	64,616
Other tax and social security	(14,603)	-	(14,603)
Deferred income	(63,150)	-	(63,150)
Trade creditors	(53,503)	-	(53,503)
Corporation tax	(174,015)	-	(174,015)
Other creditors	(27,678)	-	(27,678)
Accruals	(1,999)	-	(1,999)
Provisions for liabilities	-	(20,000)	(20,000)
	<u>1,518,149</u>	<u>(30,106)</u>	<u>1,488,043</u>
Total identifiable net assets			1,488,043
Goodwill			<u>6,144,553</u>
Total consideration			<u>7,632,596</u>

The consideration was satisfied by: £

Cash	5,271,429
Deferred consideration	2,000,000
Acquisition costs	361,167
	<u>7,632,596</u>

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 15 Acquisitions (Continued)

Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition: £

Turnover	1,669,236
Profit after tax	967,785

On 30 November 2017 the group acquired 100 percent of the issued capital of Sci-Tech (Ireland) Limited (formerly St David's Laboratory Services Limited) for consideration of £3,149,853.

	Book Value £	Adjustments £	Fair Value £
Tangible fixed assets	47,185	-	47,185
Stock	40,653	-	40,653
Debtors	120,644	-	120,644
Cash and cash equivalents	875,337	-	875,337
Prepayments	209	-	209
Other creditors	(8,948)	-	(8,948)
Trade creditors	(23,027)	-	(23,027)
Corporation tax	(95,281)	-	(95,281)
Provisions for liabilities	-	(2,500)	(2,500)
Other tax and social security	(83,753)	-	(83,753)
Deferred tax	(11,330)	-	(11,330)
Total identifiable net assets	861,689	(2,500)	859,189
Goodwill			2,290,664
Total consideration			3,149,853

The consideration was satisfied by: £

Cash	2,200,000
Acquisition costs	149,853
Deferred consideration	800,000
	3,149,853

Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition: £

Turnover	342,595
Profit after tax	96,790



# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 15 Acquisitions (Continued)

On 1 March 2018 the group acquired 100 percent of the issued capital of Initial Projects Limited for consideration of £6,254,674.

	Book Value £	Adjustments £	Fair Value £
Tangible fixed assets	687,504	-	687,504
Fixed asset investments	2	-	2
Stock	103,170	-	103,170
Debtors	2,022,830	-	2,022,830
Trade creditors	(1,146,055)	-	(1,146,055)
Corporation tax	(159,966)	-	(159,966)
Other tax and social security	(199,326)	-	(199,326)
Deferred tax	(42,539)	-	(42,539)
Accruals	(535,271)	-	(535,271)
Cash and cash equivalents	592,331	-	592,331
Other creditors	(104,076)	-	(104,076)
Obligations under finance leases	(3,514)	-	(3,514)
Total identifiable net assets	1,215,090	-	1,215,090
Goodwill			5,039,584
Total consideration			6,254,674
The consideration was satisfied by:			£
Cash			4,975,258
Deferred consideration			1,000,000
Acquisition costs			279,416
			6,254,674
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£
Turnover			736,177
Profit after tax			45,105

### 16 Stocks

	Group 2018 £	Company 2018 £
Consumables	372,857	-

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 17 Debtors

	Group 2018 £	Company 2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,840,021	-
Gross amounts owed by contract customers	188,266	-
Amounts owed by group undertakings	-	4,189,285
Other debtors	82,740	-
Prepayments and accrued income	1,093,060	37,500
	<u>5,204,087</u>	<u>4,226,785</u>
Deferred tax asset (note 23)	9,014	-
	<u>5,213,101</u>	<u>4,226,785</u>

### 18 Creditors: amounts falling due within one year

	Notes	Group 2018 £	Company 2018 £
Obligations under finance leases	21	252,402	-
Payments received on account		148,765	-
Trade creditors		1,780,850	175,555
Amounts due to group undertakings		-	16,800
Corporation tax payable		472,318	-
Other taxation and social security		842,522	-
Other creditors		3,369,530	-
Accruals and deferred income		1,484,695	17,673
		<u>8,351,082</u>	<u>210,028</u>

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 19 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	Company 2018 £
Bank loans and overdrafts	20	20,929,602	-
Obligations under finance leases	21	240,828	-
Other borrowings	20	13,815,231	4,393,385
Other creditors		563,333	-
		<u>35,548,994</u>	<u>4,393,385</u>

The amounts included within other creditors relates to deferred consideration.

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	34,744,833	4,393,385
	<u>34,744,833</u>	<u>4,393,385</u>

### 20 Borrowings

	Group 2018 £	Company 2018 £
Bank loans	20,929,602	-
Other loans	13,815,231	4,393,385
	<u>34,744,833</u>	<u>4,393,385</u>
Payable after one year	34,744,833	4,393,385
	<u>34,744,833</u>	<u>4,393,385</u>

Bank loans represent a credit facility that is secured by a fixed and floating charge over the property of the company and group and are repayable on 1 March 2025, the principal attracts interest at a rate of LIBOR plus 6.5% per annum.

Other loans represent loan notes that incur interest at 8% per annum and are repayable in March 2024, the loan notes are secured by fixed and floating charge over all of the groups properties.

### 21 Finance lease obligations

	Group 2018 £	Company 2018 £
Future minimum lease payments due under finance leases:		
Less than one year	252,402	-
Between one and five years	240,828	-
	<u>493,230</u>	<u>-</u>

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 21 Finance lease obligations (Continued)

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 22 Provisions for liabilities

	Notes	Group 2018 £	Company 2018 £
Dilapidations provision		50,000	-
Deferred tax liabilities	23	202,794	-
		<u>252,794</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Dilapidations provision £
Acquired on acquisition	50,000
	<u>50,000</u>

### 23 Deferred taxation

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

Group	Liabilities 2018 £	Assets 2018 £
Accelerated capital allowances	208,140	6,822
Tax losses	(5,346)	-
Short term timing differences	-	2,192
	<u>202,794</u>	<u>9,014</u>

The company has no deferred tax assets or liabilities.

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 23 Deferred taxation (Continued)

	Group 2018 £	Company 2018 £
<b>Movements in the period:</b>		
Liability at 27 January 2017	-	-
Credit to profit or loss	(5,886)	-
Acquired on consolidation	199,666	-
Liability at 31 March 2018	193,780	-

The deferred tax asset set out above is expected to reverse within the foreseeable future and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within the foreseeable future and relates to accelerated capital allowances that are expected to mature within the same period.

### 24 Retirement benefit schemes

	2018 £
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	198,642

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the reporting date the group had amounts of £32,942, whilst the company had amounts of £nil, remaining outstanding.

The company had a charge to profit or loss in respect of defined contribution schemes of £nil.

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 25 Share capital

	Group and company 2018 £
<b>Ordinary share capital</b>	
<b>Issued and fully paid</b>	
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
	<u>9,990</u>

At incorporation the company issued 1 Ordinary share with a par value of £1 for a total consideration of £1. This share was then sub-divided into 100 ordinary shares with a par value of 1p each.

During the period the company re-designated the Ordinary shares to Ordinary A shares and issued a further 630,695 shares with a par value of 1p for a total consideration of £63,079.

Also during the period the company issued:

- 169,205 Ordinary B shares with a par value of 1p for a total consideration of £28,910;
- 164,000 Ordinary C shares with a par value of 1p for a total consideration of £28,010; and
- 35,000 Ordinary D shares with a par value of 1p for a total consideration of £5,980.

Ordinary A, B, C and D shares are non redeemable and carry the right to one vote at general meetings, any dividends will rank pari passu with other ordinary shares.

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 26 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.

### 27 Cash generated from group operations

	2018 £
Loss for the period after tax	(2,989,880)
Adjustments for:	
Taxation charged	210,892
Finance costs	2,077,301
Investment income	(176)
Amortisation and impairment of intangible assets	2,508,093
Depreciation and impairment of tangible fixed assets	679,789
Movements in working capital:	
(Increase) in stocks	(43,937)
(Increase) in debtors	(440,650)
(Decrease) in creditors	(662,015)
<b>Cash generated from operations</b>	<b>1,339,417</b>

#### Analysis of net debt

	27 January 2017	Cash flow	New finance leases	Acquisition of subsidiaries	31 March 2018
		£	£	£	£
Net cash:					
Cash at bank and in hand	-	(2,817,684)	-	4,733,991	1,916,307
	-	(2,817,684)	-	4,733,991	1,916,307
Debt:					
Finance leases	-	141,136	-	(634,366)	(493,230)
Debts falling due after one year	-	(34,744,833)	-	-	(34,744,833)
<b>Net debt</b>	<b>-</b>	<b>(37,421,381)</b>	<b>-</b>	<b>4,099,625</b>	<b>(33,321,756)</b>

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 28 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 2018 of £6,367,616. Interest is accrued on these loan notes quarterly at a rate of 8% per annum.

In addition the group and company have given a fixed and floating charge over all its properties as security against the group's credit facility, at 31 March 2018 the outstanding amount owed was £22,000,000. This facility attracts interest at a rate of LIBOR plus 6.5% 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 2018 is £665,408.

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

### 29 Operating lease commitments

#### Lessee

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

	<b>Group 2018 £</b>	<b>Company 2018 £</b>
Within one year	294,097	-
Between one and five years	969,421	-
In over five years	576,553	-
	<u>1,840,071</u>	<u>-</u>

### 30 Capital commitments

Amounts contracted for but not provided in the financial statements:

	<b>Group 2018 £</b>	<b>Company 2018 £</b>
Acquisition of tangible fixed assets	<u>169,541</u>	<u>-</u>



# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 31 Related party transactions

#### Remuneration of key management personnel

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

	2018 £
Aggregate compensation	748,690

#### Transactions with related parties

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

	Investment fees 2018 £	Interest payable 2018 £
<b>Group</b>		
Entities with control, joint control or significant influence over the group	600,000	1,186,162
<b>Group and company</b>		
Directors within the group	-	328,457
	Sale of property 2018 £	Rental charge 2018 £
<b>Group</b>		
Entities with control, joint control or significant influence over the company	200,000	5,369

The following amounts were outstanding at the reporting end date:

	2018 £
<b>Amounts owed to related parties</b>	
<b>Group</b>	
Entities with control, joint control or significant influence over the group	9,421,846
<b>Group and company</b>	
Loans from directors within the group	4,395,936

# MERITAS GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

---

### 31 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

#### Amounts owed by related parties

2018  
Balance  
£

#### Group

Entities with control, joint control or significant influence over the group

34,000

---

### 32 Controlling party

The company's immediate parent undertaking is Inflexion TIC Services Holdings LLP, a Limited Liability Partnership 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 Inflexion TIC Services Holdings LLP. Copies of the financial statements of Inflexion TIC Services Holdings LLP can be obtained from its registered office of 9 Mandeville Place, London, W1U 3AY, or from the Registrar of Companies, Companies House.

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