

**MERITAS SCIENTIFIC HOLDINGS LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED  
31-Dec-21**

Company Registration No. (12086431)

THURSDAY



\*ABWYQZ19\*

A03

09/02/2023

#212

COMPANIES HOUSE

# **MERITAS SCIENTIFIC HOLDINGS LIMITED**

## **COMPANY INFORMATION**

**Directors**

Mr S Parrington  
Mr R McPheeters  
Mr SR Stevenson  
Mr W Welch

**Company number** 12086431

**Registered office**

Coopers Bridge  
Braziers Lane  
Winkfield  
Berkshire  
RG42 6NS

**Auditor**

Constantin  
25 Hosier Lane  
London  
EC1A 9LQ

# **MERITAS SCIENTIFIC HOLDINGS LIMITED**

## **STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021**

The directors present the strategic report for the nine month period ended 31 December 2021, 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 Limited is the holding company of 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 offers a complete analytical solution to our customers across the agricultural, animal nutrition, horticultural, amenity, environmental and related industries.

The current period was a transformational year for the Group with four acquisitions, ELAB, i2L Research, IES and Chemtech, which continued into January 2022 with two further acquisitions, EMS and IAS.

Waterland Private Equity sold its entire stake in the Group to Ensign-Bickford Industries Inc ("EBI") on 12 November 2021. Headquartered in Denver, Colorado, EBI is a 185-year-old privately held corporation with diversified businesses in aerospace and defence, molecular diagnostics, and pet food palatability markets. It is one of the world's oldest privately owned companies. This year it has tripled its Research business unit through the acquisition of i2L Research and IES Ltd, as well as consolidating its position in environmental analysis with the acquisition of Elab. It will now become a member of EBI's Agriculture and Environmental Diagnostics Group.

### **Principal risks and uncertainties**

The Group operates in the analytical testing sector focusing on the land-based, industries, infrastructure, agrochemical contract research, 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. Financial risks include interest rate, liquidity and foreign currency risks. The board continues to monitor these risks.

### **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 prior year, the group was acquired by Ensign Bickford Industries Inc. The term loan and Revolving Credit Facility associated with the previous owner, Waterland Private Equity, were repaid in connection with the acquisition by Ensign Bickford Industries Inc. During the period Ensign Bickford Industries Inc. extended a fixed rate intercompany loan facility to the group.

### **Financial risk**

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

### **Development and performance**

The group uses a number of indicators to address performance. The key financial performance indicators include EBITDA, profitability and working capital. The key non-financial performance indicator being efficiency. The main indicators are sales, gross margin % and debtor days.

## MERITAS SCIENTIFIC HOLDINGS LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

These KPIs for the period ended 31 December 2021 are as follows:

	Nine month period ended 31 December 2021	Year ended 31 March 2021
Sales £'000	29,267	27,732
EBITDA £'000	488	2,781
Gross margin	78.22%	76.91%
Debtor days	86	71
Group loss £'000	12,934	11,905

Debtor Days for the nine months ended 31 December 2021 has been adjusted to eliminate the impact of business combinations.

#### Employee engagement

The group supports the development of its employees through a combination of internal and external training. Many of our managers and team leaders have progressed from within the organisation.

#### Stakeholders

The group works hard to communicate its progress to its stakeholders. Key stakeholders include customers, employees, partners, suppliers, shareholders and our banks.

Customer Focus is a core value for the company leading to long term relationships with our customers, we engage with them on a regular basis to share progress, understand requirements and to ensure we are meeting their needs in addition to regular customer surveys measuring our performance.

Employees are valued and involved in decision making where applicable, our culture is open, our strategy and progress is openly shared.

We operate with a high degree of integrity ensuring that employees, customers and suppliers are valued and understand their importance to us.

We take our interaction with the environment seriously and have a number of measures in place to mitigate our impact including reducing what we send to landfill and our carbon footprint in terms of travel.

#### Business Relationships

Regular discussions with all stakeholders ensure that decision making and strategy development by management is influenced by customers, colleagues and partners where applicable.

#### Future developments

The directors believe 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.

## **MERITAS SCIENTIFIC HOLDINGS LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021**

#### **Covid-19**

The impact of COVID-19 on the company has decreased with the vaccine rollout and trade has returned to pre-COVID-19 levels. The directors continue to review the impact of COVID-19 on the company and react accordingly. The directors believe that the company has sufficient prospect of trade combined with an undertaking from Ensign Bickford industries Inc. to provide financial support, such that the company is able to continue to trade for a period of no less than twelve months from the approval of these financial statements.

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

#### **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.

#### **Post balance sheet events**

During January 2022, subsidiary company Cawood Scientific Limited completed the acquisitions of two companies; Express Microbiology Limited and Independent Analytical Supplies Limited for a total combined consideration of £6m.

On behalf of the board



Mr S Parrington  
**Director**

25 January 2023

# **MERITAS SCIENTIFIC HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021**

The directors present their annual report and financial statements for the period to 31 December 2021. In the prior year the company presents its comparative financial statements for the year ended 31 March 2021.

### **Principal activities**

The principal activity of the company and group is of 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.

### **Results and dividends**

The results for the period are set out in the financial statements commencing on page 13.

### **Directors**

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

Mr S R Stevenson  
Mr S Parrington  
Mr JH Smith (Resigned 31 December 2022)  
Mr R McPheeters (Appointed 12 November 2021)  
Mr W Welch (Appointed 12 November 2021)  
Mr M Hanson (Resigned 31 May 2022)  
Mr R Hallworth (Resigned 12 November 2021)  
Lord Donald Curry of Kirkhale (Resigned 12 November 2021)  
Mrs L McGimpsey (Resigned 12 November 2021)  
Mr N J Patrick (Resigned 12 November 2021)  
Mrs L J Radnor (Resigned 12 November 2021)

### **Research and development**

During the period the group expensed £3,000 of R&D expenditure to profit or loss (March 2021: £12,000).

### **Employee involvement**

The group's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

### **Auditor**

The auditor, RSM UK Audit LLP, resigned on 28 April 2022.

Constantin were appointed as auditor on 17 October 2022.

## MERITAS SCIENTIFIC HOLDINGS LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

#### Energy and carbon reporting

The group is committed to reducing its energy consumption and carbon footprint, whilst complying with environmental laws. This report sets out the group's energy use and greenhouse gas ("GHG") data for the period ended 31 December 2021, which the group is required to provide in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Streamlined Energy and Carbon Report "SECR") Regulations 2018.

01/04/21 – 31/12/21	tCO <sub>2</sub> e	tCO <sub>2</sub> e %
Scope 1 (Direct Greenhouse gas emissions)	443.9	47%
Scope 2 (Energy indirect emissions)	485.9	51%
Scope 3 (Other indirect emissions)	15.6	2%
Gross Emissions	945.4	100%
Renewable Electricity	-118.5	-13%
Exported Solar Electricity	-5.4	-1%
Carbon Offset Credits	0.0	0%
Carbon Footprint	821.5	-87%
Intensity Measure	Intensity Ratio	Intensity Ratio Target
Scope 1 & 2 tCO <sub>2</sub> e/£M Revenue	31.8	36.8
Scope 1 & 2 tCO <sub>2</sub> e/FTE	1.9	2.3

01/04/20 – 31/03/21	tCO <sub>2</sub> e	tCO <sub>2</sub> e %
Scope 1 (Direct Greenhouse gas emissions)	522.4	48%
Scope 2 (Energy indirect emissions)	554.9	50%
Scope 3 (Other indirect emissions)	21.6	2%
Gross Emissions	1,098.80	100%
Renewable Electricity	-118.5	-11%
Exported Solar Electricity	-10.3	-1%
Carbon Offset Credits	-1,000.00	-91%
Carbon Footprint	-30	-3%

Intensity Measure	Intensity Ratio	Intensity Ratio Target
Scope 1 & 2 tCO <sub>2</sub> e/£M Revenue	38.7	36.8
Scope 1 & 2 tCO <sub>2</sub> e/FTE	2.4	2.3

#### Review of the Period

Through this calculation our gross carbon emissions for the period were found to be 945 tCO<sub>2</sub>e (prior period: 1,099 tCO<sub>2</sub>e). In the current period we elected not to purchase carbon credit offsets (prior period: 1,000 tCO<sub>2</sub>e) which significantly increased our net carbon footprint to 822 tCO<sub>2</sub>e (prior period: -30 tCO<sub>2</sub>e).

We continue to use two measures which is a method of normalising our emissions that allows comparison year-on-year and against other organisations both within and outside our industry. In the current period tCO<sub>2</sub>e per million pounds of revenue (tCO<sub>2</sub>e/£M) intensity measure decreased to 31.8 (prior period: 38.7 tCO<sub>2</sub>e/£M) which outperformed the target of 36.8. In the current period the tCO<sub>2</sub>e per full time equivalent employees (tCO<sub>2</sub>e/FTE) intensity measure improved to 1.9 (prior period: 2.4), which also outperformed the target of 2.3.

- Scope 1 – Carbon emitted from building gas usage and company-owned vehicles.
- Scope 2 – Carbon emitted from our building electricity usage.
- Scope 3 – Carbon emitted from our employees' personal cars due to business travel

#### Usage - 9 months ended 31 December 2021

01/04/21 – 31/12/21	kWh	tCO <sub>2</sub> e	tCO <sub>2</sub> e % of Gross Total	% Renewable
Electricity	2,084,183	485.9	99.14%	24.39%
Natural Gas	22,616	4.2	0.86%	0%
Gross	2,106,799	490.1	100.00%	24%
Exported Solar Electricity	-23,355	-5.4	-1.10%	100%
Net	2,083,444	484.7	99.10%	-

## MERITAS SCIENTIFIC HOLDINGS LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

Usage - 12 months ended 31 March 2021

01/04/20 – 31/03/21	kWh	tCO <sub>2</sub> e	tCO <sub>2</sub> e % of Gross Total	% Renewable
Electricity	2,380,016	554.9	99.60%	21%
Natural Gas	11,020	2	0.40%	0%
<b>Gross</b>	<b>2,391,036</b>	<b>556.9</b>	<b>100.00%</b>	<b>21%</b>
Exported Solar Electricity	-44,255	-10.3	-0.90%	100%
<b>Net</b>	<b>2,346,781</b>	<b>546.6</b>	<b>99.10%</b>	<b>-</b>

The group measured our energy usage from our buildings in the current period and found we used 2,084,183 kWh (prior period: 2,380,016 kWh) of electricity which represented an increase on a like for like basis of 3.5%. The current period also incorporates new acquisitions. In the current period the group used 22,616 kWh of natural gas (prior period: 11,020 kWh). This created emissions of 490.1 tonnes (prior period: 556.9) of carbon equivalent (tCO<sub>2</sub>e), however 24% (prior period: 21%) of our electricity is from renewable and low carbon sources, meaning there are no associated emissions. On top of this we have solar panels at one of our sites, and any surplus electricity they produce that we do not use we export back to the grid. In the current period we exported 23,355 kWh (prior period: 44,255 kWh) of electricity back to the grid. Reducing our net emissions by a further 5.4 tCO<sub>2</sub>e (prior period: 10.3 tCO<sub>2</sub>e).

#### Plan for Next Year

For our overall carbon emissions, we decided to set a target based off our intensity ratios, with an aim to reduce both intensity ratios by 5% from 38.7 tCO<sub>2</sub>e/£M to 36.8 tCO<sub>2</sub>e/£M and 2.4 tCO<sub>2</sub>e/FTE to 2.3 tCO<sub>2</sub>e/FTE. These targets are based off our intensity ratios to show improvements in efficiency rather than allow for improvements that may not show the whole picture due to changes in operations, particularly in the wake of the pandemic. In the current period both targets have been achieved with 31.8 tCO<sub>2</sub>e/£M and 1.9 tCO<sub>2</sub>e/FTE.

#### Net Zero

Best practice to reduce environmental impact and carbon emissions is to reduce consumption and become as efficient as possible. We are currently introducing and building upon efficiencies throughout all different areas of our organisation, as well as making use of renewable energy and producing solar energy through our own solar panels. As we work further towards more responsible business practices, we also decided in the prior period to mitigate our immediate impact by purchasing verified carbon offset credits by purchasing 1,000 tCO<sub>2</sub>e of carbon offset credits to offset our residual emissions, meaning in the prior period we were Carbon Negative, taking out 30 tCO<sub>2</sub>e more from the atmosphere than we put in. Carbon credits were not purchased in the current period.

#### 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, principal activities, principal risks and uncertainties and post balance sheet events.

#### 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

25 January 2023



## **MERITAS SCIENTIFIC HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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.

## **MERITAS SCIENTIFIC HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERITAS SCIENTIFIC HOLDINGS LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2021**

#### **Report on the audit of the financial statements**

##### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements of Meritas Scientific Holding Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the nine-month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise

- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statement of changes in equity;
- the consolidated statement of cash flows;
- the related notes 1 to 31, which include a statement of accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for qualified opinion**

We were not appointed as auditor of the company until after 31 December 2021 and thus did not observe the counting of physical inventories at the end of the period. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 December 2021, which were included in group the balance sheet at £ 1,041,000, by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

As indicated in note 29 of the financial statements, the group acquired the entity Innovative Environmental services ("IES") on 17 September 2021, with property, plant and equipment at the acquisition date amounted to £4,481,000. Management was not able to provide a detailed ledger of the property, plant and equipment acquired before 31 December 2018, with a total net book value of £4,473,000. Consequently, we were unable to determine whether any adjustment to this amount was necessary, or any adjustment was necessary to the resultant goodwill arising on the acquisition of IES.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 qualified opinion.

##### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

##### **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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

## MERITAS SCIENTIFIC HOLDINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERITAS SCIENTIFIC HOLDINGS LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2021

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These include UK Companies Act, corporation tax legislation, payroll tax legislation and pension legislation.

We discussed among the audit engagement team including relevant internal specialists such as tax, the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested, (a) the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business. (b) the appropriateness of revenue recognition by assessing whether the revenue is recognised in the appropriate period and in line with the accounting policy which is the percentage of completion.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 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.

Except for the possible effects of the matters described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

## **MERITAS SCIENTIFIC HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERITAS SCIENTIFIC HOLDINGS LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2021**

#### **Matters on which we are required to report by exception**

Arising solely from the limitation on the scope of our work relating to inventory and the property, plant and equipment of the group subsidiary company IES, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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

We have nothing to report in respect of these matters.

#### **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.

25 January 2023

**Mark Bathgate FCA ( Senior Statutory Auditor)**

**For and behalf of Constantin**

**Chartered Accountants and Statutory Auditor**

**25 Hosier Lane**

**London**

**EC1A 9LQ**

**United Kingdom**

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2021

	Note	Period ended 31 December 2021	Year ended 31 March 2021
		£000	£000
Turnover	3	29,267	27,732
Cost of sales		<u>(6,373)</u>	<u>(5,653)</u>
<b>Gross profit</b>		22,894	22,079
Administrative expenses		(30,776)	(27,610)
Other operating income		<u>234</u>	<u>462</u>
	6		
<b>Operating loss</b>		(7,648)	(5,069)
	8		
Interest payable and similar expenses		<u>(5,529)</u>	<u>(6,876)</u>
<b>Loss before tax</b>		(13,177)	(11,945)
	9		
Tax on loss		<u>243</u>	<u>40</u>
<b>Loss for the period</b>		<u><u>(12,934)</u></u>	<u><u>(11,905)</u></u>

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

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

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31 December 2021	31 March 2021
		£000	£000
<b>Fixed assets</b>			
Goodwill	10	62,169	50,784
Other intangible assets	10	14	128
Total intangible assets		62,183	50,912
Tangible assets	11	12,894	5,809
<b>Total fixed assets</b>		75,077	56,721
<b>Current assets</b>			
Stocks	13	1,041	725
Debtors	14	18,224	6,947
Cash and bank in hand		5,661	1,936
<b>Total current assets</b>		24,926	9,608
<b>Creditors: amounts falling due within one year</b>	15	(14,679)	(7,802)
<b>Net current assets</b>		10,247	1,806
<b>Total assets less current liabilities</b>		85,324	58,527
<b>Creditors: amounts falling due after more than One year</b>	16	(13,033)	(77,211)
<b>Provisions for liabilities</b>	19	(1,059)	(540)
<b>Net assets / (liabilities)</b>		71,232	(19,224)
<b>Capital and reserves</b>			
Called up share capital	22	12	11
Share premium account	23	104,280	891
Profit and loss reserves	23	(33,060)	(20,126)
<b>Total equity</b>		71,232	(19,224)

Company Registration Number: 12086431

The financial statements were approved by the Board of Directors and authorised for issue on 25 January 2023. They were signed on its behalf by:

Mr S Parrington  
Director

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31 December 2021	31 March 2021
		£000	£000
<b>Fixed assets</b>			
Investments	12	90,020	-
<b>Current assets</b>			
Debtors falling due after more than one year	14	14,636	7,735
Debtors falling due within one year	14	1	1,087
<b>Creditors: amounts falling due within one year</b>		(166)	-
<b>Net current assets</b>		14,471	8,822
<b>Total assets less current liabilities</b>		104,491	8,822
<b>Creditors: amounts falling due after more than One year</b>	16	-	(7,749)
<b>Net assets</b>		104,491	1,073
<b>Capital and reserves</b>			
Called up share capital	22	12	11
Share premium account	23	104,280	891
Profit and loss reserves	23	199	171
<b>Total equity</b>		104,491	1,073

Company Registration Number: 12086431

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 profit for the period was £28,000 (year ended 31 March 2021 - £123,000 profit).

The financial statements were approved by the Board of Directors and authorised for issue on 25 January 2023.

They were signed on its behalf by:

Mr S Parrington  
Director

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Profit and loss reserves	Total equity
	£000	£000	£000	£000
<b>Group</b>				
<b>At 31 March 2020</b>	11	791	(8,221)	(7,419)
Loss and total comprehensive income for the period	-	-	(11,905)	(11,905)
Issue of share capital	-	100	-	100
Own shares acquired	-	-	-	-
<b>At 31 March 2021</b>	11	891	(20,126)	(19,224)
Loss and total comprehensive income for the period	-	-	(12,934)	(12,934)
Issue of share capital	1	103,389	-	103,390
<b>At 31 December 2021</b>	12	104,280	(33,060)	71,232

	Share capital	Share premium account	Profit and loss reserves	Total equity
	£000	£000	£000	£000
<b>Company</b>				
<b>At 31 March 2020</b>	11	791	48	850
Total comprehensive income for the period	-	-	123	123
Issue of share capital	-	100	-	100
Own shares acquired	-	-	-	-
<b>At 31 March 2021</b>	11	891	171	1,073
Total comprehensive income for the period	-	-	28	28
Issue of share capital	1	103,389	-	103,390
<b>At 31 December 2021</b>	12	104,280	199	104,491



**MERITAS SCIENTIFIC HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Note	Period ended 31 December 2021 £000	Year ended 31 March 2021 £000
<b>Cash flows from operating activities</b>			
Cash generated from operations	25	2,154	3,624
Interest paid		(4,507)	(2,301)
Income taxes paid		-	-
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(2,353)</b>	<b>1,323</b>
<b>Investing activities</b>			
Purchase of businesses		(22,747)	-
Purchases of intangible assets		(19)	(56)
Purchases of tangible fixed assets		(1,891)	(1,427)
Proceeds of disposal of tangible fixed assets		-	735
<b>Net cash used in investing activities</b>		<b>(24,657)</b>	<b>(748)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		103,389	100
Proceeds from borrowings		26,078	-
Proceeds of new bank loans		-	-
Repayment of bank loans		(33,281)	-
Repayment of loan notes		(65,394)	-
Net (payment)/receipt of finance lease obligations		(57)	(447)
<b>New cash (used in)/generated from financing activities</b>		<b>30,734</b>	<b>(347)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>3,725</b>	<b>228</b>
<b>Cash and cash equivalents at start of year</b>		<b>1,936</b>	<b>1,708</b>
<b>Cash and cash equivalents at end of year</b>		<b>5,661</b>	<b>1,936</b>
<b>Relating to:</b>			
Cash at bank and in hand		5,661	1,936
Bank overdrafts (creditors < 1 year)		-	-

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies

#### Company information

Meritas Scientific Holdings Limited ("the company") 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 group consists of Meritas Scientific 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 Strategic Report.

#### Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

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';
- 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 Scientific 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 December 2021. 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.

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

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

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

## MERITAS SCIENTIFIC HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

#### 1 Accounting policies (continued)

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

#### Going concern

Ensign Bickford industries Inc. ("the ultimate parent undertaking"), which effectively owns 100% of the share capital of the Company, undertakes to provide financial support to the Company and its subsidiaries. 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.

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

#### Reporting Period

In the current period the company has shortened its reporting period to align with its ultimate parent undertaking, Ensign-Bickford Industries Inc, who acquired the company on 12 November 2021. The current reporting period covers the nine month period to 31 December 2021 and the prior reporting period is the year ended 31 March 2021.

#### Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts.

All income and charges relating to the financial period to which the accounts relate have been taken into account, irrespective of the date of receipt or payment.

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 SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### 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.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
Development costs	20% straight line

#### Tangible fixed assets

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

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

Freehold land and buildings	2% to 12.5% straight line
Leasehold improvements	10% straight line or life of lease (whichever is shorter)
Plant and equipment	12.5% to 33% straight line
Fixtures and fittings	15% to 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 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.

# **MERITAS SCIENTIFIC HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

### **1 Accounting policies (continued)**

#### **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.

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 valued at the lower of cost and net realisable value, after making provisions for obsolete and slow moving items.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its net realisable value is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

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

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **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 SCIENTIFIC HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

### **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 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 period. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date. 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.

# **MERITAS SCIENTIFIC HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

### **1 Accounting policies (continued)**

#### **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 and company operates customer contracts which extend over the reporting date giving rise to amounts recoverable on contracts. The company 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 provisions**

In calculating the provision required in respect of dilapidations, management makes judgements as to the likelihood of the group being required to fulfil their obligation and provides for this accordingly.

## **MERITAS SCIENTIFIC HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

#### **2 Judgements and key sources of estimation uncertainty (continued)**

##### **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 period 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.

##### **Impairment of investments in subsidiaries**

The recoverable amount of investments is based on future cash flows for the individual investments. In determining whether any impairment is required, management makes a number of estimates in respect of future cash flows and future earnings growth. Following their assessment and review, the directors have determined no impairment is necessary.

##### **Valuation of goodwill**

The annual amortisation charge is based on the expected useful economic life of goodwill. The useful life of goodwill is estimated based on the expected life in which benefits to the company are expected to be felt. Goodwill is reviewed for impairment on an annual basis. Management makes a number of estimates in respect of future 5 year cash flows of business units and future earnings growth into perpetuity using an appropriate discount rate applicable to the group. Following their assessment and review, the directors have determined no impairment is necessary.

##### **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.

##### **Deferred tax**

Deferred tax assets and liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable. The directors have determined a deferred tax asset of £NIL (at 31 March 2021: £141,000) and a deferred tax liability of £438,520 (at 31 March 2021: £433,000) to be recognised in these financial statements.



## MERITAS SCIENTIFIC HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

#### 3 Turnover

There is one category of turnover within the Group, analytical testing services.  
An analysis of turnover for the Group is given below:

	Period ended 31 December 2021	Year ended 31 March 2021
	£000	£000
United Kingdom	24,560	26,227
Europe	3,394	1,039
Rest of the world	1,313	466
	<u>29,267</u>	<u>27,732</u>

#### 4 Employees

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

	Group 31 December 2021 Number	Group 31 March 2021 Number	Company 31 December 2021 Number	Company 31 March 2021 Number
Administration and management	129	90	-	-
Technical	<u>413</u>	<u>358</u>	<u>-</u>	<u>-</u>
Total	<u>542</u>	<u>448</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 31 December 2021 £000	Group 31 March 2021 £000	Company 31 December 2021 £000	Company 31 March 2021 £000
Wages and salaries	12,958	12,837	-	-
Social Security costs	1,074	1,176	-	-
Pension costs	<u>474</u>	<u>708</u>	<u>-</u>	<u>-</u>
Total	<u>14,506</u>	<u>14,721</u>	<u>-</u>	<u>-</u>

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### 5 Directors' remuneration

	Period ended 31 December 2021	Year ended 31 March 2021
	£000	£000
Directors' remuneration		
Remuneration for qualifying services	532	736
Company pension contributions	35	45
Compensation for loss of office	-	118
	<u>567</u>	<u>899</u>

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

	Period ended 31 December 2021	Year ended 31 March 2021
	£000	£000
Remuneration for qualifying services	132	165
Company pension contributions	-	16
	<u>132</u>	<u>181</u>

### 6 Operating loss

	Period ended 31 December 2021	Year ended 31 March 2021
	£000	£000
Operating loss is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments	-	3
Research and development costs	3	12
Government grants	(7)	(272)
Depreciation of owned tangible fixed assets	1,558	1,296
Depreciation of tangible fixed assets held under finance leases	309	374
(Profit)/loss on disposal of tangible fixed assets	-	(286)
Amortisation of intangible assets	6,578	6,180
Operating lease charges	<u>693</u>	<u>616</u>

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### 7 Auditor's remuneration

	Period ended 31 December 2021	Year ended 31 March 2021
	£000	£000
<b>Fees for audit services</b>		
Audit of the consolidated financial statements	125	13
Audit of financial statements of the company's subsidiaries	-	101
	<u>125</u>	<u>114</u>
<b>Total audit fees</b>		
<b>Fees for other services</b>		
Audit-related assurance services	-	-
Taxation compliance services	-	47
All other non-audit services	-	53
	<u>-</u>	<u>100</u>
<b>Total non-audit fees</b>		

### 8 Interest payable and similar expenses

	Period ended 31 December 2021	Year ended 31 March 2021
	£000	£000
<b>Financial expenses</b>		
Interest on Loan notes	3,177	4,249
Interest on bank overdrafts and loans	2,243	2,198
Interest payable to group undertakings	31	-
Other interest on financial liabilities	-	326
Interest on finance leases and hire purchase contracts	78	97
Other interest	-	6
	<u>5,529</u>	<u>6,876</u>

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### 9 Taxation

Tax on the loss for the year comprises current and deferred tax.

	Period ended 31 December 2021	Year ended 31 March 2021
<b>Current tax</b>	<b>£000</b>	<b>£000</b>
UK corporation tax on profits for the current period	(31)	-
Adjustments in respect of prior periods	-	(29)
Group tax relief	-	-
Other taxes	(78)	(23)
	<u>(109)</u>	<u>(52)</u>
Total current tax credit		
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(280)	3
Adjustments in respect of prior periods	(49)	9
Changes in tax rates	195	-
	<u>(134)</u>	<u>12</u>
Total deferred tax		
<b>Tax credit for the period</b>	<b>(243)</b>	<b>(40)</b>

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

	Period ended 31 December 2021	Year ended 31 March 2021
	<b>£000</b>	<b>£000</b>
<b>Loss before taxation</b>	<b>(13,177)</b>	<b>(11,945)</b>
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (prior period 19%)	(2,503)	(2,270)
Tax effect of expenses that are not deductible in determining taxable profit	2,192	2,386
Tax effect of income not taxable in determining taxable profit	17	(540)
R&D Expenditure credit	(78)	-
Unutilised tax losses carried forward	-	-
Change in unrecognised deferred tax assets	361	155
Adjustments in respect of prior years	(50)	36
Effect of change in corporation tax rate	5	-
Other permanent differences	-	-
Under/(over) provided in prior years	-	-
Deferred tax adjustments in respect of prior years	(187)	9
Fixed asset differences	-	184
	<u>(243)</u>	<u>(40)</u>

## MÉRITAS SCIENTIFIC HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

#### 9 Taxation (Continued)

Finance Act 2020, which was substantively enacted on 11 March 2020, maintained the corporation tax rate at 19% until 31 March 2023. Finance Act 2021, which was substantively enacted on 24 May 2021, has enacted an increase in the UK corporation tax main rate to 25% from 1 April 2023. As this rate change had been substantively enacted before the balance sheet date, the closing deferred tax assets and liabilities have been calculated at 25%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

#### 10 Intangible fixed assets

Group	Goodwill	Software	Development costs	Total
Cost	£000	£000	£000	£000
At 1 April 2021	61,155	29	135	61,319
Acquired via business combinations	17,952	-	-	17,952
Additions	-	-	19	19
Acquisitions of subsidiaries	-	-	-	0
Disposals	-	-	(154)	(154)
At 31 December 2021	<u>79,107</u>	<u>29</u>	<u>-</u>	<u>79,136</u>
<b>Amortisation and impairment</b>				
At 1 April 2021	10,371	11	25	10,407
Amortisation charged for the period	6,567	4	7	6,578
Impairment charged for the period	-	-	-	-
Disposals	-	-	(32)	(32)
At 31 December 2021	<u>16,938</u>	<u>15</u>	<u>-</u>	<u>16,953</u>
<b>Net book value</b>				
At 31 December 2021	<u>62,169</u>	<u>14</u>	<u>-</u>	<u>62,183</u>
At 31 March 2021	<u>50,784</u>	<u>18</u>	<u>110</u>	<u>50,912</u>

The company had no intangible fixed assets at 31 December 2021 nor 31 March 2021.

Amortisation on intangible assets is charged to administration expenses.

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### 11 Tangible fixed assets

Group	Freehold land and buildings £000	Leasehold improvements £000	Plant and equipment £000	Fixtures and fittings £000	Computers £000	Total £000
<b>Cost</b>						
At 1 April 2021	-	1,513	10,910	610	1,432	14,465
Acquired via business combinations	371	1,523	4,760	-	101	6,755
Additions	-	85	1,603	-	203	1,891
Disposals	-	-	-	(3)	-	(3)
Transfers	-	-	-	-	-	-
At 31 December 2021	371	3,121	17,273	607	1,736	23,108
<b>Depreciation</b>						
At 1 April 2021	-	617	6,962	256	821	8,656
Depreciation charged in the period	-	151	1,110	4	293	1,558
Eliminated in respect of disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 31 December 2021	-	768	8,072	260	1,114	10,214
<b>Net book value</b>						
At 31 December 2021	371	2,353	9,201	347	622	12,894
At 31 March 2021	-	896	3,948	354	611	5,809

The company had no tangible fixed assets at 31 December 2021 or 31 March 2021.

The carrying amount of the Group's property, plant and equipment includes an amount of £1,878,000 (at 31 March 2021: £1,743,000) in respect of assets held under finance leases, all of which are included within plant and machinery. The depreciation charge for the current period was £309,000 (year ended 31 March 2021: £374,000).

Depreciation on tangible assets is charged to administrative expenses.

### 12 Fixed asset investments

	Group 31 December 2021 £000	Group 31 March 2021 £000	Company 31 December 2021 £000	Company 31 March 2021 £000
Investments in subsidiaries	-	-	90,020	-

As a result of the recapitalisation of the group, the investment in the immediate subsidiary of the company increased by £90,020,000

## MERITAS SCIENTIFIC HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

#### 12 Fixed asset investments (continued)

Name of subsidiary	Nature of business	Class of shares held	Ownership %
Meritas Scientific Limited	Holding company	Ordinary	100% (Direct)
Meritas Group Holdings Limited	Holding company	Ordinary	100% (Indirect)
Meritas Group Limited	Holding company	Ordinary	100% (Indirect)
Meritas Development Limited	Holding company	Ordinary	100% (Indirect)
Cawood Scientific Limited	Analytical testing	Ordinary	100% (Indirect)
Enitial Limited	Analytical testing	Ordinary	100% (Indirect)
Enitial Services Limited	Dormant	Ordinary	100% (Indirect)
Enitial Water Limited	Dormant	Ordinary	100% (Indirect)
Mambo-Tox Limited	Dormant	Ordinary	100% (Indirect)
Natural Resource Management Limited	Dormant	Ordinary	100% (Indirect)
Sci-Tech Laboratories Limited	Dormant	Ordinary	100% (Indirect)
Sci-Tech Ireland Limited	Dormant	Ordinary	100% (Indirect)
Scianteq Analytical Services Limited	Dormant	Ordinary	100% (Indirect)
Marchwood Scientific Services (Holdings) Limited	Holding company	Ordinary	100% (Indirect)
Marchwood Scientific Services Limited	Technical testing and analysis	Ordinary	100% (Indirect)
The Environmental Laboratory Limited	Environmental testing	Ordinary	100% (Indirect)
I2L Research Limited	Analytical research	Ordinary	100% (Indirect)
Innovative Environmental Services	Environmental testing	Ordinary	100% (Indirect)
Chemtech Limited	Analytical testing	Ordinary	100% (Indirect)

Enitial Services Limited and Enitial Water Limited were struck-off in December 2022 as part of an entity rationalisation exercise.

The registered office for all of the above subsidiaries except Innovative Environmental Services is Coopers Bridge, Braziers Lane, Winkfield Row, Bracknell, Berkshire, RG42 6NS.

Innovative Environmental Services is a Swiss company registered at Benkenstrasse 260, 4108 Witterswil, Switzerland

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### 13 Stocks

	Group 31 December 2021 £000	Group 31 March 2021 £000	Company 31 December 2021 £000	Company 31 March 2021 £000
Consumables	1,041	725	-	-

### 14 Debtors

	Group 31 December 2021 £000	Group 31 March 2021 £000	Company 31 December 2021 £000	Company 31 March 2021 £000
<b>Amounts falling due within one year</b>				
Trade debtors	9,317	5,160	-	1
Gross amounts owed by contract customers	2,240	203	-	-
Corporation tax recoverable	-	6	-	-
Amounts owed by group undertakings	-	-	14,636	1,051
Other debtors	5,038	123	1	35
Prepayments and accrued income	1,629	1,314	-	-
Deferred tax asset (note 20)	-	141	-	-
	18,224	6,947	14,637	1,087
<b>Amounts falling due after more than one year:</b>				
Amount owed by group undertakings	-	-	-	7,735



# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

	Group 31 December 2021 £000	Group 31 March 2021 £000	Company 31 December 2021 £000	Company 31 March 2021 £000
<b>Amounts falling due within one year</b>				
Bank loans and overdrafts	-	-	-	-
Obligations under finance leases	708	621	-	-
Other borrowings	14	-	-	-
<i>Payments received on account</i>	-	78	-	-
Trade creditors	3,246	1,847	-	-
Corporation tax payable	321	447	-	-
Other taxation and social security	2,157	2,931	-	-
Other creditors	784	169	-	-
Accruals and deferred income	7,449	1,709	166	-
	<b>14,679</b>	<b>7,802</b>	<b>166</b>	<b>-</b>

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

	Group 31 December 2021 £000	Group 31 March 2021 £000	Company 31 December 2021 £000	Company 31 March 2021 £000
Bank loans and overdrafts	-	31,420	-	-
Obligations under finance leases	277	499	-	-
Other borrowings	-	45,292	-	7,749
Loans from group undertakings	12,756	-	-	-
	<b>13,033</b>	<b>77,211</b>	<b>-</b>	<b>7,749</b>

### 17 Borrowings

	Group 31 December 2021 £000	Group 31 March 2021 £000	Company 31 December 2021 £000	Company 31 March 2021 £000
Bank loans	-	31,420	-	-
Bank overdrafts	-	-	-	-
Loans from group undertakings	12,756	-	-	-
Other loans	-	45,292	-	7,749
	<b>12,756</b>	<b>76,712</b>	<b>-</b>	<b>7,749</b>
Payable within one year	-	-	-	-
Payable after one year	12,756	76,712	-	7,749
	<b>12,756</b>	<b>76,712</b>	<b>-</b>	<b>7,749</b>

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### 18 Finance lease obligations

	Group 31 December 2021 £000	Group 31 March 2021 £000	Company 31 December 2021 £000	Company 31 March 2021 £000
<b>Future minimum lease payments due under finance leases:</b>				
Less than one year	708	621	-	-
Between one and five years	277	499	-	-
	<u>985</u>	<u>1,120</u>	<u>-</u>	<u>-</u>

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

### 19 Provisions for liabilities

	Group 31 December 2021 £000	Group 31 March 2021 £000	Company 31 December 2021 £000	Company 31 March 2021 £000
Dilapidations provision	620	107	-	-
Deferred tax liabilities (note 21)	439	433	-	-
	<u>1,059</u>	<u>540</u>	<u>-</u>	<u>-</u>

Movements on dilapidations provisions:

	Group 31 December 2021 £000	Group 31 March 2021 £000
<b>Dilapidations provisions</b>		
At 1 April 2021	107	50
Additional provisions in the period	513	57
	<u>620</u>	<u>107</u>
At 31 December 2021		

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### 20 Deferred taxation

	31 December 2021 Assets £000	31 December 2021 Liabilities £000	31 December 2021 Net £000	31 March 2021 Assets £000	31 March 2021 Liabilities £000	31 March 2021 Net £000
<b>Group</b>						
Accelerated capital allowances	-	(825)	(825)	9	(449)	(440)
Tax losses	212	-	212	1	16	17
Other short term timing differences	176	-	176	131	-	131
	<u>388</u>	<u>(825)</u>	<u>(439)</u>	<u>141</u>	<u>(433)</u>	<u>(292)</u>

The company has no deferred tax assets or liabilities at 31 December 2021 or 31 March 2021.

	<b>Group 2021 £000</b>	<b>Company 2021 £000</b>
<b>Movements in period</b>		
At 1 April 2021	(292)	-
Acquired via business combinations	(281)	-
Current period movement	588	-
Prior period adjustments	49	-
Effect of change in effective tax rates	(196)	-
Deferred Tax not recognised	(307)	-
At 31 December 2021	<u>(439)</u>	<u>-</u>

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.

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.

Deferred tax is not recognised in respect of tax losses of £307,386 (at 31 March 2021: £1,380,101) as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

## MERITAS SCIENTIFIC HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

#### 21 Retirement benefit schemes

Group	31 December 2021 £000	31 March 2021 £000
Defined contribution schemes		
Charged to the profit and loss account in the period	474	708

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 £144,000 (at 31 March 2021: £67,000), whilst the company had £nil (at 31 March 2021: £nil), remaining outstanding and included within accruals.

#### 22 Share Capital

	Group and Company			
	31 December 2021 Number	31 March 2021 Number	31 December 2021 £000	31 March 2021 £000
Ordinary share capital issued and fully paid				
A Ordinary of 1p each	864,673	790,931	9	8
B Ordinary of 1p each	160,386	150,899	2	2
C Ordinary of 1p each	95,840	95,840	1	1
D Ordinary of 1p each	47,989	-	-	-
	<u>1,168,888</u>	<u>1,037,670</u>	<u>12</u>	<u>11</u>

'A Ordinary' and 'B Ordinary' shares carry no right to fixed income, rank pari passu and each carry the right to one vote at general meetings of the company.

'C Ordinary' shares carry no right to fixed income and each carry the right to one vote at general meetings of the company. They also entitle the holders thereof to an aggregate of twelve percent (12%) of any dividend declared and/or paid in any financial year on a pro rata basis.

'D Ordinary' shares carry no right to fixed income and have no voting rights at general meetings of the company.

On 9 June 2021 the company issued 48,125 Ordinary shares A with nominal value of 1p each for a total consideration of £48,125, and 5,305 Ordinary shares B with nominal value of 1p each for a total consideration of £5,305.

On 29 June 2021 the company issued 25,616 Ordinary shares A with nominal value of 1p each for a total consideration of £25,616, and 4,182 Ordinary shares B with nominal value of 1p each for a total consideration of £4,182.

On 13 July 2021 the company issued 40,800 Ordinary shares D with nominal value of 1p each for a total consideration of £408.

On 12 November 2021 the company issued 1 Ordinary share A with a nominal value of 1p for a total consideration of £103m.

On 19 November 2021 the company issued 7,189 Ordinary shares D with nominal value of 1p each for a total consideration of £71.

#### 23 Reserves

##### Share Premium

This represents consideration received for shares issued above their nominal value net of transaction costs. The significant increase in share premium in the current period is largely due to the share premium created when EBI acquired the Group on 12 November 2021, with a small element of the increase relating to share issues to various directors and senior management in the months leading up to the EBI deal.

##### Profit and loss reserves

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

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### 24 Cash generated from group operations

	31 December 2021 £000	31 March 2021 £000
Loss for the year after tax	(12,934)	(11,905)
<b>Adjustments for:</b>		
Taxation credited	(243)	(40)
Finance costs	5,529	6,876
Gain on disposal of tangible fixed assets	-	(286)
Amortisation and impairment of intangible assets	6,578	6,180
Depreciation and impairment of tangible fixed assets	1,558	1,670
Increase in provisions	519	57
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(316)	(21)
(Increase)/decrease in debtors	(11,277)	(368)
Increase/(decrease) in creditors	6,877	1,461
Acquired via business combinations	5,863	
<b>Cash generated from operations</b>	<b>2,154</b>	<b>3,624</b>

### 25 Analysis of changes in net debt

	1 April 2021 £000	Cash flows £000	31 December 2021 £000
Cash at bank and in hand	1,936	3,725	5,661
Bank overdrafts	-	-	-
	1,936	3,725	5,661
Borrowings (excluding overdrafts)	(72,296)	59,540	(12,756)
Obligations under finance leases	(1,567)	582	(985)
	(71,927)	63,847	(8,080)

## MERITAS SCIENTIFIC HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

#### 26 Operating lease commitments

The Group leases various property, plant and equipment under non cancellable operating lease agreements.  
Undiscounted total future minimum lease rentals payable under non cancellable operating leases are as follows

	Group 31 December 2021 Land and buildings £000	Company 31 December 2021 Plant and equipment £000	Group 31 March 2021 Land and buildings £000	Company 31 March 2021 Plant and equipment £000
<b>Group</b>				
Within one year	1,459	-	561	-
Between one and five years	5,049	-	1,714	-
After five years	668	-	957	-
	<u>7,176</u>	<u>-</u>	<u>3,232</u>	<u>-</u>

There are no commitments held by the Company at 31 December 2021 or at 31 March 2021.

#### 27 Events after the balance sheet date

During January 2022, subsidiary company Cawood Scientific Limited completed the acquisitions of two companies; Express Microbiology Limited and Independent Analytical Supplies Limited for a total combined consideration of £6m.

# MERITAS SCIENTIFIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### 28 Related party transactions

Transactions with related parties during the current and prior periods are summarised in the table below

	Group 31 December 2021 Interest paid £000	Company 31 December 2021 Rental costs £000	Group 31 March 2021 Rental costs £000	Company 31 March 2021 Rental costs £000
<b>Transactions with related parties</b>				
<b>Group</b>				
Entities with control or significant influence over the Group	2,526	-	3,531	15
Key management personnel	525	-	718	-
	<u>3,051</u>	<u>-</u>	<u>4,249</u>	<u>15</u>

The table below shows the amounts owed to related parties at 31 December 2021 and at 31 March 2021:

<b>Amounts owed to related parties</b>	<b>31 December 2021 £000</b>	<b>31 March 2021 £000</b>
<b>Group</b>		
Entities with control or significant influence over the Group	12,756	37,543
Key management personnel	-	7,749
	<u>12,756</u>	<u>45,292</u>
<b>Amounts owed to related parties</b>	<b>31 December 2021 £000</b>	<b>31 March 2021 £000</b>
<b>Company</b>		
Key management personnel	-	7,749



## MERITAS SCIENTIFIC HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

#### 29 Business combinations

During the period ended 31 December 2021 the Group has acquired four businesses. The Environmental Laboratory Limited (9 June 2021), i2L Research Limited (29 June 2021), Innovative Environmental Services (17 September 2021) and Chemtech Environmental Limited (14 December 2021). For all businesses acquired, a 100% stake was purchased.

The Environmental Laboratory Limited is an environmental testing business, i2L Research Limited is an analytical research business, Innovative Environmental Services is an environmental testing business and Chemtech Environmental Limited is an environmental testing business.

i2L Research Limited was the only acquisition with deferred consideration of £355,000.

There were no acquisitions during the year ended 31 March 2021.

The combined Goodwill calculation for the four acquisitions is summarised below:

	Book value	Measurement adjustments	Fair Value at acquisition
	£000	£000	£000
<b>Acquiree's net assets at acquisition date:</b>			
Property, plant and equipment	6,755	-	6,755
Intangible assets	58	(58)	-
Inventories	2,143	-	2,143
Cash	3,282	(382)	2,900
Trade and other receivables	5,015	(1,590)	3,425
Trade and other payables	(7,898)	359	(7,539)
Corporation tax	(49)	53	4
Hire purchase liabilities	(355)	-	(355)
Loans	(1,189)	-	(1,189)
Deferred tax liabilities	(293)	13	(280)
Net identifiable assets	7,469	(1,605)	5,864
Goodwill on acquisition			17,952
Consideration (including acquisition fees)			23,817

Goodwill on acquisition includes £734,072 of capitalised transaction costs. The consolidated financial statements of Meritas Scientific Holdings Limited for the period ended 31 December 2021 includes revenue of £6,135,620 and a profit before tax of £313,493 in respect of the post acquisition results of the acquired businesses combined.

## MERITAS SCIENTIFIC HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

#### 30 Ultimate controlling party

The company's immediate parent undertaking is Cawood Scientific Holdings Limited, a company registered in England and Wales. The smallest group in which the results of the company are consolidated is that headed by Meritas Scientific Holdings Limited. Copies of the financial statements of Meritas Scientific Holdings Limited can be obtained from its registered office of Coopers Bridge, Braziers Lane, Winkfield Row, Bracknell, RG42 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 Ensign-Bickford Industries Inc. which is the ultimate parent undertaking.

#### 31 Subsidiaries Exempt from Audit by Parent Guarantee

For the period ending 31 December 2021, the following subsidiaries are exempt from audit under s479A-479C of the Companies Act 2006, by virtue of the guarantee given under s479C having the effect that the company guarantees all outstanding liabilities to which the subsidiaries are subject at the end of the financial period to which the guarantee relates, until they are satisfied in full, and the guarantee is enforceable against the company by any person to whom the subsidiary is liable in respect of those liabilities.

Name of subsidiary	Registered Number
Meritas Scientific Limited	12088421
Meritas Group Holdings Limited	10586756
Meritas Group Limited	10524197
Meritas Developments Limited	07246160
Cawood Scientific Limited	05655711
Enitral Limited	02589078
The Environmental Laboratory Limited	03882193
i2L Research Limited	02926939
Marchwood Scientific Services Limited	03604766
Chemtech Environmental Limited	04284013