Company Registration No. 10586756 (England and Wales)

MERITAS GROUP HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021

MERITAS GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mrs L J Radnor Mr N J Patrick Lord Donald Curry of Kirkharle Mr S R Stevenson Mr S Parrington Mr J H Smith Mr M Hanson
Secretary	A G Secretarial Limited
Company number	10586756
Registered office	Coopers Bridge Braziers Lane Winkfield Berkshire RG42 6NS
Auditor	RSM UK Audit LLP Chartered Accountants Third Floor One London Square Cross Lanes Guildford Surrey GU1 1UN

MERITAS GROUP HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 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 is the holding company of Meritas Group Limited which indirectly owns the Cawood Scientific Group.

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

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

For the year ended 31 March 2021, the company has reported a loss of £517,000 (2020: £422,000) and net liabilities of £1,610,000 (2020: £1,093,000).

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
The group has 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 2021 are as follows:

	2021	2020
Sales	£27,893,000	£17,641,646
Gross margin	79.30%	77.8%
Debtor days	71	69
Company loss	£517,000	£422,421

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. We are currently investing in our Human Resources team to further improve our commitment to employee development and well being.

Stakeholders

The group works hard to communicate its progress to its stakeholders. Key stakeholders include customers, employees, partners, suppliers, investors 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 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 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.

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

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.

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 and cash reserves 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.

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
On 9 June 2021, subsidiary company Cawood Scientific Limited entered into an agreement to purchase the entire share capital of Environmental Laboratory Limited for a total consideration of £2,173,386, to be paid on completion of the sale.

On 29 June 2021, subsidiary company Cawood Scientific Limited entered into an agreement to purchase the entire share capital of i2L Research Ltd for an initial consideration of £2,181,910, to be paid on completion of the sale, and deferred and contingent consideration up to a maximum of £983,000.

On behalf of the board

....
Mr M Hanson
Director

Date: 06/09/21

MERITAS GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

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

Results and dividends

The results for the year are set out on page 11.

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

Directors

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

Mrs L J Radnor	
Mr N J Patrick	
Lord Donald Curry of Kirkharle	
Mr R Bell	(Resigned 17 July 2020)
Mr S R Stevenson	
Mr S Parrington	(Appointed 17 July 2020)
Mr J H Smith	(Appointed 17 July 2020)
Mr M Hanson	(Appointed 5 October 2020)

Auditor

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

Energy and carbon reporting

Objectives:
Reduce Carbon Intensity Ratio by 5%

01/04/20 – 31/03/21	tCO2e	tCO2e %
Scope 1	522.4	48%
Scope 2	554.9	50%
Scope 3	21.6	2%
Gross Emissions	**1,098.8**	**100%**
Renewable Electricity	(118.5)	(11%)
Exported Solar Electricity	(10.3)	(1%)
Carbon Offset Credits	(1,000.0)	(91%)
Carbon Footprint	**-30.0**	**-3%**

Intensity Measure	Intensity Ratio	Intensity Ratio Target
Scope 1 & 2 tCO2e/£M Revenue	38.7	36.8
Scope 1 & 2 tCO2e/FTE	2.4	2.3

Review of the Year
This year we calculated our carbon footprint, allowing us to understand the major carbon emission areas of our business and create a benchmark to measure against future emissions. Our carbon footprint includes emissions for which we are financially responsible, which includes scope 1, scope 2 and partial scope 3 emissions*. Through this calculation our gross carbon emissions for the year were found to be 1,099 tCO2e, however due to our use of renewable electricity, producing our own solar electricity which we export back to the grid, and purchasing carbon offset credits our net carbon footprint is -30 tCO2e.
We also measured our intensity ratios this year, this is a method of normalising our emissions that allows comparison year-on-year and against other organisations both within and without our industry. We have used two measures, tCO2e per million pounds of revenue (tCO2e/£M) and tCO2e per full time equivalent employees (tCO2e/FTE), measuring 38.7 tCO2e/£M and 2.4 tCO2e/FTE respectively.

*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

01/04/20 – 31/03/21	kWh	tCO2e	tCO2e % of Gross Total	% Renewable
Electricity	2,380,016	554.9	99.6%	21%
Natural Gas	11,020	2.0	0.4%	0%
Gross	**2,391,036**	**556.9**	**100.0%**	**21%**
Exported Solar Electricity	(44,255)	(10.3)	(0.9%)	100%
Net	**2,346,781**	**546.6**	**99.1%**	-

The group measured our energy usage from our buildings this year and found we used 2,380,016 kWh of electricity and 11,020 kWh of gas. This amounts to emissions of 556.9 tonnes of carbon equivalent (tCO2e), however 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. This year we exported 44,255 kWh of electricity back to the grid. Reducing our net emissions by a further 10.3 tCO2e.

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 tCO2e/£M to 36.8 tCO2e/£M and 2.4 tCO2e/FTE to 2.3 tCO2e/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.

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 have also decided to mitigate our immediate impact by purchasing verified carbon offset credits. This year we purchased 1,000 tCO2e of carbon offset credits to offset our residual emissions, meaning this year we are Carbon Negative, taking out 30 tCO2e more from the atmosphere than we put in.

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

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

On behalf of the board

....
Mr M Hanson
Director

Date: 06/09/21

MERITAS GROUP HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

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

Opinion

We have audited the financial statements of Meritas Group Holdings Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliance which may have a material impact on the financial statements which included reviewing financial statements disclosures and evaluating advice received from tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are the company and group UKAS accreditations. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the recognition of income on testing spanning the year end and using tests of detail and analytical procedures to consider the recognition of revenue generated in cash, which includes reviewing whether events occurring up to the date of the auditor's report support the year end recognition.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://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
Third Floor
One London Square
Cross Lanes
Guildford
Surrey, GU1 1UN
08/09/2021

MERITAS GROUP HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £000	2020 £000
Turnover		-	-
Administrative expenses		(13)	(898)
Other operating income		12	921
Operating (loss)/profit		(1)	23
Interest receivable and similar income	6	1,327	412
Interest payable and similar expenses	7	(1,843)	(857)
Loss before taxation		(517)	(422)
Tax on loss	8	-	-
Loss for the financial year		(517)	(422)

Company Registration No. 10586756

MERITAS GROUP HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Investments			-		-
Current assets					
Debtors falling due after more than one year	9	13,974		12,647	
Debtors falling due within one year	9	3,873		3,983	
		17,847		16,630	
Creditors: amounts falling due within one year	10	(16)		(125)	
Net current assets			17,831		16,505
Creditors: amounts falling due after more than one year	11		(19,441)		(17,598)
Net liabilities			(1,610)		(1,093)
Capital and reserves					
Called up share capital	14		10		10
Share premium account	15		116		116
Profit and loss reserves	15		(1,736)		(1,219)
Total equity			(1,610)		(1,093)

The financial statements were approved by the board of directors and authorised for issue on 06/09/21 and are signed on its behalf by:

Mr M Hanson
Director

MERITAS GROUP HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Share premium account	Profit and loss reserves	Total
	£000	£000	£000	£000
Balance at 1 April 2019	10	116	(797)	(671)
Year ended 31 March 2020:				
Loss and total comprehensive income for the year	-	-	(422)	(422)
Balance at 31 March 2020	10	116	(1,219)	(1,093)
Year ended 31 March 2021:				
Loss and total comprehensive income for the year	-	-	(517)	(517)
Balance at 31 March 2021	10	116	(1,736)	(1,610)

1 Accounting policies

Company information

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

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

Accounting convention

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

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

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

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

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

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

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

1 Accounting policies (Continued)

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

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

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

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

The directors have given consideration to the unprecedented impact of COVID-19 on the company with on-going reviews of trade and plans of the business. The directors will continue to review the company position and react accordingly to ensure there is sufficient cash headroom within the current facilities.

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

Impairment of fixed assets
At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

1 Accounting policies (Continued)

Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

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

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

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

1 Accounting policies (Continued)

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.

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

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

Employee benefits

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

Retirement benefits

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

2 Judgements and key sources of estimation uncertainty

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

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

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

Impairment of investment in subsidaries
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.

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

Recoverability of group balances
Estimates are made relating to the recoverability of intercompany debtor balances to reflect unrecoverable amounts due to known defaults and defaults incurred but not reported at the year end. The directors consider the solvency and future trading forecasts of subsidiaries to determine whether the group company balances are impaired. The directors have assessed that no provision against intercompany balances outstanding at the reporting date is required (2020: £nil).

3 Employees

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

	2021 Number	2020 Number
Administration and management	-	4

3 Employees (Continued)

Their aggregate remuneration comprised:

	2021	2020
	£000	£000
Wages and salaries	-	569
Social security costs	-	80
Pension costs	-	32
	-	681

The payroll costs were initially recognised in Meritas Group Holdings Limited, however these were then recharged to Meritas Development Limited.

4 Directors' remuneration

	2021	2020
	£000	£000
Remuneration for qualifying services	-	556
Company pension contributions to defined contribution schemes	-	28
	-	584

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

	2021	2020
	£000	£000
Remuneration for qualifying services	n/a	210

The directors have been remunerated through another group company during the year.

5 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and its associates:	£000	£000
For audit services		
Audit of the financial statements of the company	4	2
For other services		
Taxation compliance services	2	2
All other non-audit services	3	2
	5	4

6 Interest receivable and similar income

	2021 £000	2020 £000
Interest income		
Interest receivable from group companies	1,327	412

7 Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to group undertakings	1,843	751
Other interest on financial liabilities	-	106
	1,843	857

8 Taxation

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

	2021 £000	2020 £000
Loss before taxation	(517)	(422)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(98)	(80)
Tax effect of expenses that are not deductible in determining taxable profit	209	139
Tax effect of income not taxable in determining taxable profit	(113)	(68)
Change in unrecognised deferred tax assets	(7)	10
Effect of change in corporation tax rate	-	(1)
Group relief	9	-
Taxation charge for the year	-	-

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. In March 2020 the Chancellor announced that the tax rate would remain at 19%, and this rate has been used to measure deferred tax assets and liabilities where applicable. Subsequent to the year end, in March 2021, the Chancellor announced that the corporation tax rate would increase to 25% in the year 2023, however, this rate had not been substantively enacted at the reporting date and it has not been used in the measurement of deferred tax.

9 Debtors

Amounts falling due within one year:	2021 £000	2020 £000
Amounts owed by group undertakings	3,799	3,973
Other debtors	74	10
	3,873	3,983

Amounts falling due after more than one year:	2021 £000	2020 £000
Amounts owed by group undertakings	13,974	12,647
Total debtors	17,847	16,630

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

10 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	16	34
Taxation and social security	-	41
Accruals and deferred income	-	50
	16	125

11 Creditors: amounts falling due after more than one year

	Notes	2021 £000	2020 £000
Loans from group undertakings	12	19,441	17,598

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

	2021 £000	2020 £000
Payable other than by instalments	19,441	17,598

12 Borrowings

	2021 £000	2020 £000
Loans from group undertakings	19,441	17,598
Payable after one year	19,441	17,598

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

13 Retirement benefit schemes

Defined contribution schemes	2021 £000	2020 £000
Charge to profit or loss in respect of defined contribution schemes	-	32

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

The company had no outstanding pension contributions at the reporting date (2020: £nil).

14 Share capital

Ordinary share capital	2021 Number	2020 Number	2021 £000	2020 £000
Issued and fully paid				
Ordinary shares of 1p each	999,000	999,000	10	10

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

15 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.

16 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 2021 of £45,391,445 (2020: £41,046,755). Interest is accrued on these loan notes quarterly at a rate of 10% per annum.

In addition the company have given a fixed and floating charge over all its properties and assets as security against the group's credit facility, at 31 March 2021 the outstanding amount owed was £32,500,000 (2020: £32,500,000). Of the facility £31,500,000 (2020: £31,500,000) attracts interest at a rate of LIBOR plus 6.5% per annum and £1,000,000 (2020: £1,000,000) attracts interest at LIBOR plus 3% per annum.

Also during the year the company was included within a VAT group with other group entities, the total liability of this VAT group at 31 March 2021 is £1,544,654 (2020: £706,078).

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

17 Events after the reporting date

On 9 June 2021, subsidiary company Cawood Scientific Limited entered into an agreement to purchase the entire share capital of Environmental Laboratory Limited for a total consideration of £2,173,386, to be paid on completion of the sale.

On 29 June 2021, subsidiary company Cawood Scientific Limited entered into an agreement to purchase the entire share capital of i2L Research Ltd for an initial consideration of £2,181,910, to be paid on completion of the sale, and deferred and contingent consideration up to a maximum of £983,000.

18 Related party transactions

Transactions with related parties

The amounts due to related parties represent loan notes that incur interest at 8% per annum, which is rolled up into the balance, and are repayable in March 2024, the loan notes are secured by fixed and floating charge over all of the group's properties. This was repaid in the year and interest charged on the loan notes in the year ended 31 March 2021 was £nil (2020: £106,342).

Directors' fees of £nil (2020: £20,723) were charged to the company by Inflexion TIC Services Holdings LLP.

19 Ultimate controlling party

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

The smallest group in which the results of the company are consolidated is that headed Meritas Group Holdings Limited. Copies of the financial statements of Meritas Group Holdings Limited can be obtained from its registered office of Coopers Bridge, Braziers Lane, Winfield Row, Bracknell, 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 Waterland Private Equity Fund VII C.V.. The registered office of Waterland Private Equity Fund VII C.V. is Brediusweg 31, 1401 AB Bussum, Netherlands.

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