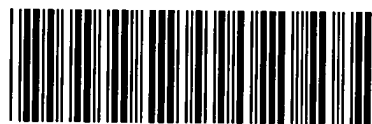


Company Registration No. 12088421 (England and Wales)

**MERITAS SCIENTIFIC LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2021**

WEDNESDAY



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COMPANIES HOUSE

# **MERITAS SCIENTIFIC LIMITED**

## **COMPANY INFORMATION**

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**Directors**

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

**Company number** 12088421

**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

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# **MERITAS SCIENTIFIC LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2021**

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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.

#### **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 £2,521,000 and net liabilities of £4,123,000.

#### **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 agreed credit facilities in the form of term loan and RCF. The group is therefore exposed to interest rate risk on the drawn facility, all of which are subject to variable interest rates. To mitigate this risk the group has robust cash forecasting procedures and working capital requirements are regularly monitored in the light of changing operational requirements.

#### **Financial risk**

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

# MERITAS SCIENTIFIC LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 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	£2,521,000	£1,601,584

#### 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.

# **MERITAS SCIENTIFIC LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2021**

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#### **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.

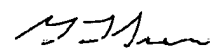
Overall, management assesses the direct impacts on the company to be minimal in the short term. No significant changes to the company's operations are expected.

#### **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 SCIENTIFIC LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2021**

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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 an intermediate holding company and hold group finance.

#### **Results and dividends**

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

#### **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 R Hallworth

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.

# MERITAS SCIENTIFIC LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 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%
<b>Gross Emissions</b>	<b>1,098.8</b>	<b>100%</b>
Renewable Electricity	(118.5)	(11%)
Exported Solar Electricity	(10.3)	(1%)
Carbon Offset Credits	(1,000.0)	(91%)
<b>Carbon Footprint</b>	<b>-30.0</b>	<b>-3%</b>

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%
<b>Gross</b>	<b>2,391,036</b>	<b>556.9</b>	<b>100.0%</b>	<b>21%</b>
Exported Solar Electricity	(44,255)	(10.3)	(0.9%)	100%
<b>Net</b>	<b>2,346,781</b>	<b>546.6</b>	<b>99.1%</b>	<b>-</b>

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.

# **MERITAS SCIENTIFIC LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2021**

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#### **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.

#### **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 tCO<sub>2</sub>e of carbon offset credits to offset our residual emissions, meaning this year we are Carbon Negative, taking out 30 tCO<sub>2</sub>e 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.

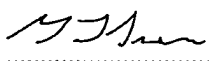
#### **Statement of disclosure to auditor**

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.

#### **Reporting period**

The company presented its financial statements in the prior period from incorporation on 5 July 2019 to 31 March 2020. As a result the financial statements for the year ending 31 March 2021 may not be entirely comparable.

On behalf of the board



.....  
Mr M Hanson  
**Director**

Date: 06/09/21.....



# **MERITAS SCIENTIFIC LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2021**

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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 SCIENTIFIC LIMITED**

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## **Opinion**

We have audited the financial statements of Meritas Scientific 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 SCIENTIFIC LIMITED (CONTINUED)**

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### **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 SCIENTIFIC LIMITED (CONTINUED)

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As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS102, 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.

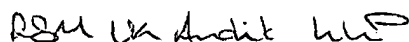
The most significant laws and regulations that have an indirect impact on the financial statements are the company and group UKAS accreditations. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations and inspected correspondence with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



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 SCIENTIFIC LIMITED

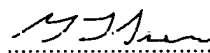
## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

		<b>Year ended 31 March 2021 £000</b>	<b>Period ended 31 March 2020 £000</b>
	<b>Notes</b>		
<b>Turnover</b>		-	-
Administrative expenses		(1,349)	-
Other operating income		1,357	-
		<u>8</u>	<u>-</u>
<b>Operating profit</b>		8	-
Interest receivable and similar income	<b>5</b>	1,843	751
Interest payable and similar expenses	<b>6</b>	(4,372)	(2,353)
		<u>(2,521)</u>	<u>(1,602)</u>
<b>Loss before taxation</b>		(2,521)	(1,602)
Tax on loss	<b>7</b>	-	-
		<u>-</u>	<u>-</u>
<b>Loss for the financial year</b>		<u>(2,521)</u>	<u>(1,602)</u>

**MERITAS SCIENTIFIC LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2021**

	Notes	2021 £000	2020 £000	2020 £000
<b>Fixed assets</b>				
Investments	8		22,645	22,645
<b>Current assets</b>				
Debtors falling due after more than one year	10	19,441	17,598	
Debtors falling due within one year	10	5	-	
		19,446	17,598	
<b>Creditors: amounts falling due within one year</b>	11	(936)	(350)	
<b>Net current assets</b>			18,510	17,248
<b>Total assets less current liabilities</b>			41,155	39,893
<b>Creditors: amounts falling due after more than one year</b>	12	(45,278)	(41,495)	
<b>Net liabilities</b>			(4,123)	(1,602)
<b>Capital and reserves</b>				
Called up share capital	14	-	-	
Profit and loss reserves	15	(4,123)	(1,602)	
<b>Total equity</b>			(4,123)	(1,602)

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 SCIENTIFIC LIMITED

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

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	Share capital	Profit and loss reserves	Total
	£000	£000	£000
<b>Balance at 5 July 2019</b>	-	-	-
<b>Period ended 31 March 2020:</b>			
Loss and total comprehensive income for the period	-	(1,602)	(1,602)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2020</b>	-	(1,602)	(1,602)
<b>Year ended 31 March 2021:</b>			
Loss and total comprehensive income for the year	-	(2,521)	(2,521)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2021</b>	-	(4,123)	(4,123)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# **MERITAS SCIENTIFIC LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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### **1 Accounting policies**

#### **Company information**

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



# **MERITAS SCIENTIFIC LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021**

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### **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.

#### **Reporting period**

The company presented its financial statements in the prior period from incorporation on 5 July 2019 to 31 March 2020. As a result the financial statements for the year ending 31 March 2021 may not be entirely comparable.

#### **Fixed asset investments**

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

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

#### **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.

# MERITAS SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies (Continued)

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

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

#### **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 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 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.

# MERITAS SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies (Continued)

#### Equity instruments

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

#### Taxation

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

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

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

Current tax is based on taxable profit for the 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.

#### 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.

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

#### 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.

# MERITAS SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 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 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.

#### **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 company had no employees in the current or prior year.

The directors were remunerated through other group companies in the current and prior year.

### 4 Auditor's remuneration

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

# MERITAS SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 5 Interest receivable and similar income

	2021 £000	2020 £000
<b>Interest income</b>		
Interest receivable from group undertakings	1,843	751

### 6 Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to group undertakings	4,372	2,353

### 7 Taxation

	2021 £000	2020 £000
UK corporation tax on profits for the current period	-	-

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	(2,521)	(1,602)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(479)	(304)
Tax effect of expenses that are not deductible in determining taxable profit	721	427
Tax effect of income not taxable in determining taxable profit	(212)	(131)
Change in unrecognised deferred tax assets	154	8
Group relief	(184)	-
Taxation charge for the period	-	-

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.

# MERITAS SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 8 Fixed asset investments

	Notes	2021 £000	2020 £000
Investments in subsidiaries	9	22,645	22,645

#### Movements in fixed asset investments

	Shares in group undertakings £000
<b>Cost or valuation</b>	
At 1 April 2020 & 31 March 2021	22,645
<b>Carrying amount</b>	
At 31 March 2021	22,645
At 31 March 2020	22,645

### 9 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

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

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

# MERITAS SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 10 Debtors

	2021 £000	2020 £000
<b>Amounts falling due within one year:</b>		
Other debtors	3	-
Prepayments and accrued income	2	-
	<u>5</u>	<u>-</u>
<b>Amounts falling due after more than one year:</b>	2021 £000	2020 £000
Loans to group undertakings	19,441	17,598
	<u>19,446</u>	<u>17,598</u>
<b>Total debtors</b>		
	<u>19,446</u>	<u>17,598</u>

The long-term loans to 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.

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

	2021 £000	2020 £000
Amounts owed to group undertakings	719	350
Taxation and social security	158	-
Accruals and deferred income	59	-
	<u>936</u>	<u>350</u>

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

	Notes	2021 £000	2020 £000
Loans from group undertakings	13	7,735	7,483
Loans from parent undertaking	13	37,543	34,012
		<u>45,278</u>	<u>41,495</u>
Amounts included above which fall due after five years are as follows:			
Payable other than by instalments		<u>45,278</u>	<u>41,495</u>

# MERITAS SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 13 Borrowings

	2021 £000	2020 £000
Loans from group undertakings	7,735	7,483
Loans from parent undertakings	37,543	34,012
	<u>45,278</u>	<u>41,495</u>
Payable after one year	<u>45,278</u>	<u>41,495</u>

Loans from parent undertakings represent loan notes that incur interest at 10 % per annum, which is rolled up into the balance, and are repayable on 18 July 2026, the loan notes are secured by fixed and floating charge over all of the group's properties.

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

### 14 Share capital

	2021 Number	2020 Number	2021 £000	2020 £000
Ordinary share capital				
Ordinary shares of £1 each	10	10	-	-

The company's ordinary shares, which carry no right to fixed income, carry the right to one vote at general meetings of the company.

### 15 Reserves

#### 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 inter group creditors.



# MERITAS SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 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

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

	Interest paid	
	2021	2020
	£000	£000
Entities with control, joint control or significant influence over the company	3,531	1,848
	<u>          </u>	<u>          </u>
	2021	2020
	£000	£000
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	37,543	34,012
	<u>          </u>	<u>          </u>

During the year, £32,560 was paid to an entity with control, joint control or significant influence over the company for services provided.

### 19 Ultimate controlling party

The company's immediate parent undertaking is Meritas Scientific Holdings Limited, a company incorporated 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 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.