

Company Registration No. 05655711 (England and Wales)

**CAWOOD SCIENTIFIC LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2022**



## **CAWOOD SCIENTIFIC LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	Mr R McPheeters Mr W Welch Mr S Stevenson Mr J Salazar
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<b>Company number</b>	05655711
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<b>Registered office</b>	Coopers Bridge Braziers Lane Winkfield Berkshire RG42 6NS
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## **CAWOOD SCIENTIFIC LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present the strategic report for the period commencing 1 January 2022 to 31 December 2022, 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. Cawood Scientific Holdings Limited ("CSHL") is the holding company of the Cawood Scientific Group. CSHL ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The group consists of Cawood Scientific Holdings Limited and all of its subsidiaries ("the Group").

#### **Fair review of the business**

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

The group offers a complete analytical solution to our customers across the agricultural, horticultural, amenity, environmental and related industries.

The Group was acquired by Ensign-Bickford Industries Inc ("EBI") on 12 November 2021. The acquisition was structured through the incorporation and capitalisation of CSHL on 8 November 2021. CSHL acquired 100% of the share capital of Meritas Scientific Holdings Limited on 12 November 2021. During the period, the Group acquired three businesses: Chemtech Environmental Limited, Express Microbiology Limited, and Independent Analytical Supplies Limited. Accordingly all direct and indirect subsidiaries of CSHL are included within these consolidated financial statements.

#### **Principal risks and uncertainties**

The Group operates in the analytical testing sector focusing on the land-based, industries, infrastructure, agrochemical contract research, and serology testing. The current and expected future trend within these markets is for a continuing increase in testing as the demand for food production continues to rise, allied to the increased focus on monitoring standards maintained by regulatory authorities and consumer groups. Financial risks include interest rate, liquidity and foreign currency risks. The board continues to monitor these risks.

#### **Cash flow and credit risk**

The Group manages credit and cash flow risk by policies concerning credit offered to clients and regular monitoring of amounts outstanding for both time and credit limits. The Company has no significant concentration of credit risk, with exposure spread over a large number of clients.

#### **Interest risk**

During the period Ensign Bickford Industries Inc. extended two fixed rate intercompany loans to the group.

#### **Financial risk**

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

#### **Development and performance**

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

## CAWOOD SCIENTIFIC LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

These KPIs for the period ended 31 December 2022 are as follows.

	Period ended 8 November 2021 to 31 December 2022
Sales £'000	66,477
EBITDA £'000	1,693
Gross margin	65.50%
Debtor days	64
Group loss £'000	37,797

Debtor Days for the twelve ended 31 December 2022 has been adjusted to eliminate the impact of business combinations.

#### Employee engagement

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

#### Stakeholders

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

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

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

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

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

#### Business Relationships

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

#### Future developments

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

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

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

## **CAWOOD SCIENTIFIC LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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

During December 2023 a loan provided to subsidiary company Cawood Scientific Ltd by the ultimate parent undertaking was settled in full in exchange for a capital contribution. The carrying value of the loan principle and accrued interest at 31 December 2022 was £17.6m



Mr R McPheeters  
Director

17 January 2024

## **CAWOOD SCIENTIFIC LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors are responsible for preparing 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,
- 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.

## **CAWOOD SCIENTIFIC LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their annual report and financial statements for the year to 31 December 2022. In the prior period the company presents its comparative financial statements for the period ended 31 December 2021

#### **Principal activities**

The principal activity of the company and group is of an independent provider of analytical testing and sampling services

#### **Results and dividends**

The results for the period are set out in the financial statements within

#### **Directors**

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

Mr S R Stevenson  
Mr R McPheeters  
Mr W Welch  
Mr J Salazar ( Appointed 11 November 2023)  
Mr S Parrington (Resigned on 24 Feb 2023)

#### **Audit exemption**

Cawood Scientific Holdings Limited have provided a Parental Guarantee audit exemption to the company for the period ended 31 December 2022 under section 479 of the Companies Act 2006.

#### **Research and development**

During the period the group expensed £840,438 of R&D expenditure to profit or loss.

#### **Employee involvement**

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

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

On behalf of the Board



Mr R McPheeters  
Director

17 January 2024

**CAWOOD SCIENTIFIC LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Note</b>	<b>Year ended 31 December 2022</b>	<b>Period ended 31 December 2021</b>
		<b>£</b>	<b>£</b>
Turnover	3	25,651,081	13,574,583
Cost of sales		(8,490,181)	(3,065,818)
<b>Gross profit</b>		<b>17,160,900</b>	<b>10,508,766</b>
Administrative expenses		(23,405,817)	(12,925,319)
Other operating (expenses) / income		(2,691,754)	32,713
<b>Operating loss</b>	<b>8</b>	<b>(8,936,671)</b>	<b>(2,383,840)</b>
Interest receivable and similar income	6	486,440	481,094
Interest payable and similar expenses	7	(925,974)	(2,982,298)
<b>Loss before taxation</b>		<b>(9,376,205)</b>	<b>(4,885,044)</b>
Tax on loss	9	1,324,186	90,327
<b>Loss for the period</b>		<b>(8,052,019)</b>	<b>(4,794,717)</b>



**CAWOOD SCIENTIFIC LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2022**

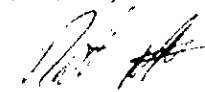
	Note	31 December 2022 £	31 December 2021 £
<b>Fixed assets</b>			
Goodwill	11	6,457,021	7,482,831
Other intangible assets	11	-	-
<b>Total intangible assets</b>		<b>6,457,021</b>	<b>7,482,831</b>
Tangible Assets	12	4,744,617	3,884,564
Investments	10	42,218,038	37,290,017
<b>Total fixed assets</b>		<b>53,419,676</b>	<b>48,657,412</b>
<b>Current assets</b>			
Stocks	13	592,164	403,045
Debtors	14	12,450,429	16,317,913
Cash at bank and in hand		696,868	4,338,619
<b>Total current assets</b>		<b>13,739,461</b>	<b>21,059,577</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(6,730,977)</b>	<b>(12,672,084)</b>
<b>Net current liabilities</b>		<b>7,008,484</b>	<b>8,387,492</b>
<b>Total assets less current liabilities</b>		<b>60,428,160</b>	<b>57,044,905</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(44,677,890)</b>	<b>(54,628,251)</b>
<b>Provisions for liabilities</b>	18	<b>(270,000)</b>	<b>#</b>
<b>Net assets / (liabilities)</b>		<b>15,480,270</b>	<b>1,961,381</b>
<b>Capital and reserves</b>			
Called up share capital	21	721,429	721,429
Share premium account		23,249,479	1,678,571
Profit and loss reserves		(8,490,638)	(438,619)
<b>Total equity</b>		<b>15,480,270</b>	<b>1,961,381</b>

For the period ending 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements were approved by the board of directors and authorised for issue on January 2024 and are signed on its behalf by



Mr R McPheeters  
Director

15 JAN 2024

**CAWOOD SCIENTIFIC LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Share premium account	Profit and loss reserves	Total equity
	£	£	£	£
<b>Balance at 31 March 2021</b>	721,429	1,678,571	4,356,098	6,756,098
Loss and total comprehensive income	-	-	(4,794,717)	(4,794,717)
Transfers	-	-	-	-
<b>Balance at 31 December 2021</b>	<u>721,429</u>	<u>1,678,571</u>	<u>(438,619)</u>	<u>1,961,381</u>
<b>Period ended 31 December 2022</b>				
Loss and total comprehensive income for the year	-	-	(8,052,019)	(8,052,019)
issuance of Ordinary Share Capital	-	21,570,908	-	21,570,908
<b>Balance at 31 December 2022</b>	<u>721,429</u>	<u>23,249,479</u>	<u>(8,490,638)</u>	<u>15,480,270</u>

## CAWOOD SCIENTIFIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

##### Company information

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

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

##### Accounting convention

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

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

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

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

Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures.

Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument, basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The group has taken advantage of exemptions from the disclosure requirements relating to Section 11 and Section 33 as above.

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

##### Going concern

Notwithstanding net loss for the period the 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.

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

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

## CAWOOD SCIENTIFIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies (continued)

##### Turnover

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

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

##### Research and development expenditure

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

##### Intangible fixed assets - goodwill

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

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

##### Intangible fixed assets other than goodwill

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Software	20% straight line
Development costs	20% straight line

Amortisation is revised prospectively for any significant change in useful life or residual value.

##### Tangible fixed assets

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

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

Freehold land and buildings	2% - 10% straight line
Leasehold land and buildings	10% straight line or lease life, whichever is shorter
Computers	33% straight line
Plant and equipment	10% - 50% straight line
Fixtures and fittings	15% - 33% straight line

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

##### Fixed asset investments

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

## CAWOOD SCIENTIFIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### † Accounting policies (continued)

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

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

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

#### Stocks

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

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

#### Cash and cash equivalents

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

#### 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, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### 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 and amounts due to group undertakings, 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. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

## CAWOOD SCIENTIFIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 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.

##### Provisions

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

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

##### Employee benefits

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

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

##### Retirement benefits

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

##### Leases

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

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

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

## CAWOOD SCIENTIFIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies (continued)

##### Foreign exchange

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

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

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

#### 2 Judgements and key sources of estimation uncertainty

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

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

##### Critical judgements

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

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

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

##### **Disputations provision**

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

##### **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 (2022: £nil).

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

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

## CAWOOD SCIENTIFIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

##### Valuation of goodwill

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

##### Key sources of estimation uncertainty

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

##### Depreciation and useful economic life

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

##### Deferred tax

Deferred tax assets and liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable. The directors have determined a deferred tax assets of £1,270,000 (2021: £428,488) to be recognised in these financial statements.

#### 3 Turnover and other revenue

	31 December 2022	31 December 2021
Turnover analysed by class of business	£	£
Analytical testing services	25,651,081	13,574,583

	31 December 2022	31 December 2021
Other revenue	£	£
Grants received	-	-
R&D tax credit	-	32,713
	-	32,713

	31 December 2022	31 December 2021
Turnover analysed by geographical market	£	£
United Kingdom	17,073,308	11,652,308
Europe	8,367,089	1,741,508
Rest of the World	210,684	180,767
	25,651,081	13,574,584

#### 4 Employees

The average monthly number of persons (including directors) employed by the company during the period ended were:

	31 December 2022	31 December 2021
	Number	Number
Administration and management	88	62
Technical	231	201
	319	263



# CAWOOD SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 4 Employees (continued)

	At 31 December 2022	At 31 December 2021
	£	£
Wages and salaries	11,126,808	5,334,376
Social security costs	895,602	467,541
Pension costs	284,063	173,351
	<u>12,306,473</u>	<u>5,975,268</u>

### 5 Auditor's remuneration

	At 31 December 2022	At 31 December 2021
	£	£
Fees payable to the company's auditor and its associates		
For audit services		
Audit of the financial statements of the company	-	-

For the period ending 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

### 6 Interest receivable and similar income

	31 December 2022	31 December 2021
	£	£
Interest receivable from group undertakings	486,440	481,094

### 7 Interest payable and similar expenses

	31 December 2022	31 December 2021
	£	£
Interest on bank overdrafts and loans	39,753	21,899
Interest payable to parent undertaking	874,899	30,524
Interest payable to group undertakings	11,322	2,909,431
Other interest on finance leases	-	20,443
	<u>925,974</u>	<u>2,982,298</u>

# CAWOOD SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 8 Operating loss

	31 December 2022	31 December 2021
	£	£
Operating loss for the period is stated after charging/(crediting)		
Exchange losses	1,219,458	(270,740)
Research and development costs	452,936	3,397
Government grants	-	(6,616)
Depreciation of owned tangible assets	3,005,771	952,104
Depreciation of tangible assets held under finance leases	37,348	162,767
Amortisation of intangible assets	1,025,810	1,238,288
Operating lease charges	<u>376,073</u>	<u>241,075</u>

# CAWOOD SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 9 Taxation

	31 December 2022	31 December 2021
	£	£
UK corporation tax on profits for the current period	(1,324,186)	90,327

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

	31 December 2022	31 December 2021
	£	£
Loss before taxation (excluding R&D Tax credit Other income)	(9,376,205)	(4,917,757)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (Year ended 31 Dec 2021: 19.00%)	(1,781,479)	(934,374)
Fixed asset differences	-	230,113
Tax effect of expenses that are not deductible in determining taxable profit	-	517,999
R&D Expenditure credits	-	7,673
Non-Deductible Expenses	698,582	-
Adjustments to tax charge in respect of previous periods	(219,059)	3,683
Adjustments to tax charge in respect of previous periods - deferred tax	-	(32,869)
Tax effect of income not taxable in determining taxable profit	-	-
Change in unrecognised deferred tax assets	243,001	44,465
Group relief	-	72,983
Effect of Changes in Corporation Tax Rate	(265,231)	-
Taxation charge for the period	1,324,186	90,327

Finance Act 2020, which was substantively enacted on 11 March 2020, maintained the corporation tax rate at 19% until 31 March 2023. Finance Act 2021, which was substantively enacted on 24 May 2021, has enacted an increase in the UK corporation tax main rate to 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.

# CAWOOD SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 10 Fixed asset investments

	31 December 2022	31 December 2021
	£	£
Investments in subsidiaries	42,218,039	37,290,017
<b>Movements in fixed asset investments</b>		<b>Shares in group undertakings</b>
		£
<b>Cost or valuation</b>		
At 31 December 2021		37,290,017
Additions in the period		4,928,022
<b>Carrying amount</b>		
At 31 December 2022		42,218,039
At 31 December 2021		37,290,017

Details of the company's subsidiaries at 31 December 2022 are as follows

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Endal Limited	Provision of specialist environmental services	Ordinary	100%	
Mambo-Tox Limited	Dormant	Ordinary	100%	
Natural Resource Management Limited	Dormant	Ordinary	100%	
Sci-Tech (Ireland) Limited	Dormant	Ordinary	100%	
Sci-Tech Laboratories Limited	Dormant	Ordinary	100%	
Marchwood Scientific Services	Technical testing and analysis	Ordinary		100%
Express Microbiology Limited	Food chemistry testing	Ordinary	100%	
Independent Analytical Supplies Limited	Analytical testing of land based materials	Ordinary	100%	
Marchwood Scientific Services (Holdings) Limited	Holding company	Ordinary	100%	
The Environmental Laboratory Limited	Analytical testing of land based materials	Ordinary	100%	
i2L Research Limited	Analytical testing of land based materials	Ordinary	100%	
i2L Research USA Inc	Analytical testing of land based materials	Ordinary		100%
i2L Research Spain	Analytical testing of land based materials	Ordinary		100%
i2L Research Czech	Analytical testing of land based materials	Ordinary		100%
Innovative Environmental Services	Environmental testing	Ordinary	100%	
Chemtech Limited	Chemical analysis and testing	Ordinary	100%	
Sciartec Analytical Services	Dormant	Ordinary	100%	

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

# CAWOOD SCIENTIFIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 11 Intangible fixed assets

	Goodwill	Development costs	Total
Cost	£	£	£
At 1 January 2022	12,309,723	-	12,309,723
Additions	-	-	-
Impairment	-	-	-
Disposals	-	-	-
At 31 December 2022	<u>12,309,723</u>	<u>-</u>	<u>12,309,723</u>
<b>Amortisation and impairment</b>			
At 1 January 2022	4,826,892	-	4,826,892
Amortisation charged for the period	1,025,810	-	1,025,810
Impairment charged for the period	-	-	-
At 31 December 2022	<u>5,852,702</u>	<u>-</u>	<u>5,852,702</u>
<b>Net book value</b>			
At 31 December 2022	<u>6,457,021</u>	<u>-</u>	<u>6,457,021</u>
At 31 December 2021	<u>7,482,831</u>	<u>-</u>	<u>7,482,831</u>

**CAWOOD SCIENTIFIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**12 Tangible fixed assets**

	Freehold land & Building	Plant	Office Equipment	Computers	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2022	1,377,480	6,609,755	456,471	1,583,254	10,036,960
Additions	893,165	3,334,863	3,160	298,403	4,529,591
Disposals	(306,544)	(1,012,585)	(41,811)	(968,440)	(2,329,191)
At 31 December 2022	<u>1,964,101</u>	<u>8,932,023</u>	<u>418,019</u>	<u>923,217</u>	<u>12,237,360</u>
<b>Depreciation</b>					
At 1 January 2022	572,108	4,303,280	200,011	1,078,998	6,152,397
Depreciation charged in the period	354,838	2,484,849	4,952	160,932	3,005,771
Eliminated in respect of disposals	(145,203)	(754,120)	(35,896)	(730,208)	(1,665,425)
Transfers					
At 31 December 2022	<u>781,843</u>	<u>6,034,109</u>	<u>169,067</u>	<u>507,724</u>	<u>7,492,743</u>
<b>Net book value</b>					
At 31 December 2022	<u>1,182,258</u>	<u>2,897,914</u>	<u>248,952</u>	<u>415,493</u>	<u>4,744,617</u>
At 31 December 2021	<u>805,372</u>	<u>2,306,475</u>	<u>256,460</u>	<u>516,256</u>	<u>3,884,563</u>

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

	31 December 2022	31 December 2021
	£	£
Plant and equipment	<u>119,053</u>	<u>652,394</u>
Depreciation charged for the period in respect of leased assets	<u>37,348</u>	<u>162,767</u>
<b>13 Stocks</b>		
	31 December 2022	31 December 2021
	£	£
Consumables	<u>582,164</u>	<u>403,045</u>

## CAWOOD SCIENTIFIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 14 Debtors

	31 December 2022	31 December 2021
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	2,749,547	3,043,426
Gross amounts owed by contract customers	-	219,682
Corporation tax recoverable	91,508	20,930
Amounts owed by group undertakings	7,211,341	6,923,208
Other debtors	1,160	5,381,920
Prepayments and accrued income	1,269,742	728,746
	<u>11,323,298</u>	<u>16,317,913</u>
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset	1,127,131	-
	<u>12,450,429</u>	<u>16,317,913</u>

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

	31 December 2022	31 December 2021
	£	£
Obligations under finance leases	115,515	305,330
Payments received on account	-	-
Trade creditors	672,628	1,025,830
Amounts owed to group undertakings	-	7,672,810
Corporation tax payable	-	-
Other taxation and social security	2,842,363	785,106
Other creditors	387,468	543,489
Accruals and deferred income	2,719,885	2,339,519
Other loans	(6,882)	-
	<u>6,730,977</u>	<u>12,672,084</u>

Other creditors include £355,000 of deferred consideration.

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

	31 December 2022	31 December 2021
	£	£
Obligations under finance leases	3,538	93,306
Loan from parent undertaking	17,591,339	12,755,587
Loans from group undertakings	27,083,013	41,779,357
	<u>44,677,890</u>	<u>54,628,251</u>

All loans from group and parent undertakings are payable after one year

## CAWOOD SCIENTIFIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 17 Finance lease obligations

	31 December 2022 £	31 December 2021 £
Future minimum lease payments due under finance leases		
Within one year	115,515	305,330
Between one and five years	3,538	93,306
In over five years	-	-
	<u>119,053</u>	<u>398,636</u>

#### 18 Provisions for liabilities

	31 December 2022 £	31 December 2021 £
Dilapidations provision	270,000	270,000
Deferred tax liabilities	-	185,273
	<u>270,000</u>	<u>455,273</u>

Movements on provisions apart from deferred tax liabilities:

	Dilapidations provision £
At 31 December 2021	270,000
Additions	-
At 31 December 2022	<u>270,000</u>

The dilapidations provision provides for the cost of returning the rental properties to their original condition upon vacating the properties

#### 19 Deferred taxation

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

	Liabilities 31 December 2022 £	Liabilities 31 December 2021 £	Assets 31 December 2022 £	Assets 31 December 2021 £
Accelerated capital allowances	-	430,518	-	-
Fixed Assets	-	-	206,916	-
Tax losses	-	(245,245)	786,878	-
Other timing differences	-	-	133,337	-
	<u>-</u>	<u>185,273</u>	<u>1,127,131</u>	<u>-</u>

	2022 £
Movements in the period:	
Liability at 31 December 2021	(185,273)
Charged to profit or loss	1,312,404
Liability at 31 December 2022	<u>1,127,131</u>



## CAWOOD SCIENTIFIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 20 Retirement benefit schemes

##### Defined contribution schemes

The charge to profit or loss in respect of defined contribution schemes for the company was £284,063 (period ended 31 December 2021: £173,351).

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

At the reporting date the company had amounts of £104,579 (at 31 December 2021: £97,675), remaining outstanding and included within other creditors.

#### 21 Share capital

	31 December 2022 £	31 December 2021 £
Ordinary share capital issued and fully paid		
14,428,571 Ordinary shares of 5p each	721,429	721,429

Each Ordinary share carries the right to a dividend and one vote at a general meeting.

#### 22 Financial commitments, guarantees and contingent liabilities

During the year the company was included within a VAT group with other group entities, the total liability of this VAT group at 31 December 2022 is £253,865 (at 31 December 2021: £480,467).

## CAWOOD SCIENTIFIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23 Operating lease commitments

##### Lessee

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

	31 December 2022	31 December 2021
	£	£
Within one year	371,044	294,294
Between two and five years	714,036	631,562
In over five years	3,516	13,726
	<u>1,088,596</u>	<u>939,582</u>

#### 24 Events after the reporting date

During January 2023, subsidiary company Cawood Scientific Limited completed the sale of Express Microbiology Limited

During December 2023 a loan provided to subsidiary company Cawood Scientific Ltd by the ultimate parent undertaking was settled in full in exchange for a capital contribution. The carrying value the loan principle and interest at 31 December 2022 was £17.6m

#### 25 Controlling party

The company's immediate parent undertaking is Mentas Developments Limited, a company registered in England and Wales. The smallest group in which the results of the company are consolidated is that headed by Cawood Scientific Holdings Limited. Copies of the financial statements of Cawood Scientific Holdings Limited can be obtained from its registered office of Coopers Bridge, Braziers Lane, Winkfield Row, Bracknell, RG42 6NS, or from the Registrar of Companies, Companies House. The largest group in which the results of the company are consolidated is that headed by Ensign-Bickford Industries Inc. The directors consider there not to be a singular ultimate controlling entity or controlling party.