

**Company Registration No. 06720350**

**Exova 2014 Limited  
(formerly Exova Group Limited)**

**Report and Accounts**

**For the year ended 31 December 2014**



# **Exova 2014 Limited** **(formerly Exova Group Limited)**

## **Strategic Report** **For the year ended 31 December 2014**

The Directors present their report on the affairs of Exova 2014 Limited ("the Company"), together with the financial statements and independent auditors' report, for the year ended 31 December 2014.

### **Review of the business**

As part of a wider re-organisation of the group, the Company changed its name from Exova Group Limited to Exova 2014 Limited on 27 March 2014. On 13 April 2014, the Company's share capital was acquired by Exova Group plc, at which point the Company became a wholly owned subsidiary of Exova Group plc.

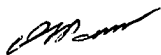
Following the listing of Exova Group plc on 16 April 2014, a number of intergroup and shareholding re-organisations also took place, some of which impacted the Company. The Company capitalised the loan due from Exova Topco Limited and subsequently recognised a dividend in specie from Exova Topco Limited for the investment held in Exova Limited (formerly Exova plc). Following this the Company wrote down its investment in Exova Topco Limited to £nil.

The key performance indicator during the year was as follows

	2014	2013	Change
	£m	£m	%
<b>Profit / (loss) for the year</b>	<b>10.4</b>	<b>(3.1)</b>	<b>N/a</b>

The Company acts as a holding company. The Company receives and pays interest on loans held with other Group undertakings and the ultimate parent undertaking. Other than these transactions the Company did not undertake any other trading activities.

On behalf of the Board



**Ian Power**  
**Director**  
29 May 2015

## Exova 2014 Limited (formerly Exova Group Limited)

### Directors' Report For the year ended 31 December 2014

The Directors present their report for the year ended 31 December 2014.

#### Directors

The Directors who served during the year and to the date of this report were:

	Date of appointment	Date of resignation
Ian El-Mokadem	-	-
Anne Thorburn	-	-
Ian Power	16 May 2014	-
Helmut Eschwey	-	10 April 2014
Fred Kindle	-	16 May 2014
Christian Rochat	-	16 May 2014
Eric Rouzier	-	16 May 2014
Andrew Simon	-	10 April 2014
William Spencer	-	10 April 2014

#### Dividends

On 20 February 2015, the Company declared a final dividend of £20.0m (2013: £nil) to Exova Group plc.

#### Transactions in Exova 2014 Limited (formerly Exova Group Limited)

Exova 2014 Limited re-organised its share capital in advance of the addition of the new Group parent company, Exova Group plc, in preparation of the initial public offering.

Exova 2014 Limited amended its articles of association to create a new class of £0.10 ordinary shares and to amend the rights of the existing deferred shares such that the deferred shares were entitled to a fixed dividend right and a nominal value of £0.10 per share.

On 13 April 2014, Exova 2014 Limited made the following share re-organisations:

- converted and subdivided each A ordinary share and each B ordinary share into one £0.10 ordinary share and nine £0.10 deferred shares.
- the parent entity at that time, TABASCO B.V. (formerly Exova Group B.V.), contributed the outstanding loan and accrued interest due to it from Exova Topco Limited in exchange for new £0.10 ordinary shares in Exova 2014 Limited. This increased issued share capital by £0.7m and share premium by £277.5m.
- all preference shares, including the accrued dividend, held in Exova 2014 Limited were subdivided and redesignated as £0.10 ordinary shares and £0.10 deferred shares in such a ratio as to give effect to the ratchet mechanism under the Company's articles.
- a proportion of the £0.10 ordinary and £1.00 preferred ordinary shares were converted into £0.10 deferred shares.
- Exova 2014 Limited bought back all £0.10 deferred shares for a total consideration of £0.01 and these shares were immediately cancelled.
- Exova 2014 Limited subdivided all £0.10 ordinary shares and £1.00 preferred ordinary shares in such a manner as to allow the share for share exchange to take place. At this point Exova 2014 Limited had 197,395,045 ordinary shares and 2,604,955 preferred ordinary shares in issue.

On 9 July 2014, the following share re-organisations were made:

- the 197,395,045 ordinary shares were consolidated into 11,443,103 ordinary shares of £0.10 each.
- the 2,604,955 preferred ordinary shares were consolidated into 151,011 preferred ordinary shares of £1.00 each.
- the 151,011 preferred ordinary shares were converted into one £0.10 ordinary share and nine £0.10 deferred shares.

#### Future developments

The Directors do not expect any significant change in the activities of the Company in the future.

#### Going concern

The Company meets its working capital requirements through intergroup funding provided by the Group headed by Exova Group plc. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

#### Principal risks and uncertainties

The principal risks and uncertainties facing the Company are interest rate risk and liquidity risk. Interest rate risk is the risk that the Company is subject to fluctuating interest rates on its payables and receivables. Liquidity risk is the risk that the Company will be unable to meet its liabilities as they fall due. Both interest rate risk and liquidity risk are mitigated by ensuring that the loans receivable and payable have the same maturity date and the interest rates are fixed.

**Exova 2014 Limited**  
**(formerly Exova Group Limited)**

**Directors' Report (continued)**  
**For the year ended 31 December 2014**

**Statement of Directors' responsibilities**

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 of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- 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.

**Appointment of auditors**

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Ernst & Young LLP as auditor of the Company.

**Statement as to disclosure of information to auditors**

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



**Ian Power**  
**Director**  
29 May 2015

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXOVA 2014 LIMITED (formerly Exova Group Limited)**

We have audited the financial statements of Exova 2014 Limited (formerly Exova Group Limited) for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Equity, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

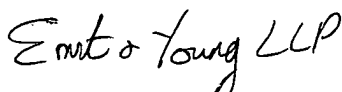
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where 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.



Mark Harvey (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Edinburgh  
03 June 2015

**Exova 2014 Limited**  
**(formerly Exova Group Limited)**

**Profit and loss account**  
**For the year ended 31 December 2014**

		2014	2013
	Notes	£m	£m
Administrative costs		(0.1)	(0.2)
Exceptional gains / (costs)	2	1.3	(4.2)
Interest receivable and similar income	4	10.2	4.5
Interest payable	5	(1.0)	(3.2)
<b>Profit / (loss) on ordinary activities before tax</b>		<b>10.4</b>	<b>(3.1)</b>
Tax on profit / (loss) on ordinary activities	6	-	-
<b>Profit / (loss) for the year</b>		<b>10.4</b>	<b>(3.1)</b>

The accompanying notes are an integral part of this profit and loss account.

The result for the year relates wholly to continuing activities.

**Statement of total recognised gains and losses**  
**For the year ended 31 December 2014**

	2014	2013
	£m	£m
Profit / (loss) for the year	10.4	(3.1)
Dividend recognised in specie	386.7	-
Write down of investment in subsidiary undertaking	(352.0)	-
<b>Total recognised gains / (losses) for the year</b>	<b>45.1</b>	<b>(3.1)</b>

**Reconciliation of movements in shareholder's equity**  
**For the year ended 31 December 2014**

		2014	2013
	Notes	£m	£m
Shareholder's equity at beginning of the year	9	17.7	20.8
Profit / (loss) for the year	9	10.4	(3.1)
Dividend recognised in specie	9	386.7	-
Write down of investment in subsidiary undertaking	9	(352.0)	-
Issue of ordinary shares	9	278.2	-
Preference shares converted to ordinary shares	9	44.1	-
<b>Shareholder's equity at end of the year</b>		<b>385.1</b>	<b>17.7</b>

**Exova 2014 Limited**  
**(formerly Exova Group Limited)**

Company Registration No. 06720350

**Balance Sheet**  
**As at 31 December 2014**

	<i>Notes</i>	<b>2014 £m</b>	<b>2013 £m</b>
<b>Non-current assets</b>			
Investment in subsidiary undertakings	7	386.7	19.1
Amounts due from subsidiary undertaking		-	44.6
<b>Total non-current assets</b>		<b>386.7</b>	<b>63.7</b>
<b>Current assets</b>			
Amounts due from parent undertaking		-	0.3
<b>Total current assets</b>		<b>-</b>	<b>0.3</b>
<b>Total assets</b>		<b>386.7</b>	<b>64.0</b>
<b>Creditors: Amounts falling due within one year</b>		<b>-</b>	<b>(3.2)</b>
<b>Net current liabilities</b>		<b>-</b>	<b>(2.9)</b>
<b>Total assets less current liabilities</b>		<b>386.7</b>	<b>60.8</b>
<b>Creditors: Amounts falling due after more than one year</b>			
Amounts due to parent undertaking		(1.6)	-
Financial liabilities - preference shares		-	(34.2)
Financial liabilities - preference share dividend payable		-	(8.9)
		<b>(1.6)</b>	<b>(43.1)</b>
<b>Net assets</b>		<b>385.1</b>	<b>17.7</b>
<b>Shareholder's equity</b>			
Called up share capital	8, 9	1.3	4.4
Share premium	9	148.5	-
Capital contribution reserve	9	12.4	12.4
Profit and loss reserve	9	222.9	0.9
<b>Shareholder's equity</b>		<b>385.1</b>	<b>17.7</b>

The financial statements of Exova 2014 Limited, were approved by the Board of Directors and authorised for issue on 29 May 2015.

Signed on behalf of the Board on 29 May 2015



**Ian Power**  
**Director**

# **Exova 2014 Limited**

## **(formerly Exova Group Limited)**

### **Notes to the Financial Statements**

#### **For the year ended 31 December 2014**

#### **1 Significant accounting policies**

The principal accounting policies applied consistently throughout the year are:

##### **Basis of preparation**

The Company's financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The financial statements have been prepared on a going concern basis.

The Company is exempt under Section 400 of the Companies Act 2006, from the requirement to prepare and deliver group financial statements, as it is a wholly owned subsidiary of Exova Group plc and is included in the consolidated financial statements of that entity. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

The Company has taken advantage of the exemption from preparing a cash flow statement as permitted by FRS 1 "Cash Flow Statements".

The financial statements are presented in Pounds Sterling (£) and all values are rounded to the nearest hundred thousand (£0.1m) except where otherwise indicated.

##### **Exceptional gains and costs**

The Company presents exceptional gains / (costs) on the face of the profit and loss account, items of income or expenditure which, because of their nature, merit separate presentation to allow users to understand better the elements of financial performance in the year.

##### **Interest receivable and similar income**

Interest receivable comprises interest income on amounts due from subsidiary undertakings and is recognised on a time proportion basis using the effective interest method.

##### **Interest payable**

Interest payable comprises the preference share dividend.

##### **Taxation**

The tax expense represents the sum of the current taxes payable and deferred tax.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The tax charge is included in the profit and loss account except if it relates to an item recognised directly in equity or other comprehensive income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### **Investment in subsidiary undertakings**

Investments are stated at cost less provisions for any impairment.

##### **Preference shares**

Redeemable preference shares are classified as a financial liability measured at amortised cost until it is extinguished on redemption.

##### **Related party transactions**

There are no transactions or balances with entities which form part of the Group that are not wholly owned.

**Exova 2014 Limited**  
**(formerly Exova Group Limited)**

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2014**

**2 Exceptional gains / (costs)**

	2014	2013
	£m	£m
Write off of loan due to subsidiary undertaking	1.3	-
IPO related costs	-	(4.2)
	<u>1.3</u>	<u>(4.2)</u>

The IPO related costs represent costs associated with the initial public offering (IPO) representing legal and professional advisor fees.

**3 Directors emoluments**

The Directors received no remuneration in respect of their services to the Company. The emoluments of the Directors are paid by a fellow group undertaking on behalf of the parent company, Exova Group plc, which makes no recharge to the Company.

The Directors are also directors of a number of other subsidiaries of Exova Group plc therefore it is not possible to make an accurate apportionment of directors emoluments in respect of their services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the Directors.

The total emoluments of the Directors are included in the group financial statements of the parent company, Exova Group plc.

No Directors received shares or share options in the Company during the current or prior year in respect of qualifying services, and no share options were exercised in the current or prior year by Directors. No company contributions were made to a pension scheme on behalf of Directors' qualifying services.

There were no individuals employed by the Company during 2014 (2013: nil).

**Auditors remuneration**

Audit fees for the Company of £6,000 (2013: £5,500) were borne by a subsidiary undertaking.

**4 Interest receivable and similar income**

	2014	2013
	£m	£m
Interest receivable on loans from group undertakings	<u>10.2</u>	<u>4.5</u>

**5 Interest payable**

	2014	2013
	£m	£m
Preference share dividend	<u>1.0</u>	<u>3.2</u>

**Exova 2014 Limited**  
**(formerly Exova Group Limited)**

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2014**

**6 Taxation**

	2014 £m	2013 £m
UK corporation tax - current year	-	-

**Factors affecting current tax**

The tax assessed on the profit / (loss) on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are reconciled below.

	2014 £m	2013 £m
Profit / (loss) on ordinary activities before tax	10.4	(3.1)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%)	2.2	-
<i>Effect of:-</i>		
Expenses not deductible for tax purposes	0.2	1.0
Non-taxable income	(1.2)	-
Group relief claimed	(1.2)	(1.0)
Current tax charge	-	-

**Factors that may affect future tax charges**

The main UK corporation tax rate reduced from 23% to 21%, effective 1 April 2014 and from 21% to 20%, effective 1 April 2015. All of the rate reductions had been substantively enacted by the balance sheet date and are accordingly used in these financial statements.

**7 Investment in subsidiary undertakings**

	2014 £m	2013 £m
<b>Shares at cost less provisions</b>		
At 1 January	19.1	19.1
Capitalisation of subsidiary loan	332.9	-
Write down of investment in subsidiary undertaking to £nil	(352.0)	-
Dividend recognised in specie for shares in Exova Limited (formerly Exova plc)	386.7	-
<b>At 31 December</b>	<b>386.7</b>	<b>19.1</b>

The details of the investment in subsidiary undertakings is given below:

Subsidiary undertaking	Country of incorporation	Principal activity	Percentage holding
Exova Limited (formerly Exova plc)	UK	Holding company	100%

# Exova 2014 Limited (formerly Exova Group Limited)

## Notes to the Financial Statements (continued) For the year ended 31 December 2014

### 8 Share capital

	2014 £m	2013 £m
<b>Ordinary shares</b>		
Allotted, issued and fully paid:		
3,695,311 A ordinary shares of £1 each	-	3.7
232,650 B ordinary shares of £1 each	-	0.2
11,594,114 ordinary shares of £0.10 each (2013: Nil)	1.2	-
<b>At 31 December</b>	<b>1.2</b>	<b>3.9</b>
<b>Preferred ordinary shares</b>	<b>£m</b>	<b>£m</b>
Allotted, issued and fully paid:		
500,000 shares of £1 each	-	0.5
<b>At 31 December</b>	<b>-</b>	<b>0.5</b>
<b>Deferred ordinary shares</b>	<b>£m</b>	<b>£m</b>
Allotted, issued and fully paid:		
1,359,099 shares of £0.10 each (2013: Nil)	0.1	-
<b>At 31 December</b>	<b>0.1</b>	<b>-</b>

#### Transactions in Exova 2014 Limited (formerly Exova Group Limited)

Exova 2014 Limited re-organised its share capital in advance of the addition of the new Group parent company, Exova Group plc, in preparation of the initial public offering.

Exova 2014 Limited amended its articles of association to create a new class of £0.10 ordinary shares and to amend the rights of the existing deferred shares such that the deferred shares were entitled to a fixed dividend right and a nominal value of £0.10 per share.

On 13 April 2014, Exova 2014 Limited made the following share re-organisations:

- converted and subdivided each A ordinary share and each B ordinary share into one £0.10 ordinary share and nine £0.10 deferred shares.
- the parent entity at that time, TABASCO B.V. (formerly Exova Group B.V.), contributed the outstanding loan and accrued interest due to it from Exova Topco Limited in exchange for new £0.10 ordinary shares in Exova 2014 Limited. This increased issued share capital by £0.7m and share premium by £277.5m.
- all preference shares, including accrued dividend, held in Exova 2014 Limited were subdivided and redesignated as £0.10 ordinary shares and £0.10 deferred shares in such a ratio as to give effect to the ratchet mechanism under the Company's articles.
- a proportion of the £0.10 ordinary and £1.00 preferred ordinary shares were converted into £0.10 deferred shares.
- Exova 2014 Limited bought back all £0.10 deferred shares for a total consideration of £0.01 and these shares were immediately cancelled.
- Exova 2014 Limited subdivided all £0.10 ordinary shares and £1.00 preferred ordinary shares in such a manner as to allow the share for share exchange to take place. At this point Exova 2014 Limited had 197,395,045 ordinary shares and 2,604,955 preferred ordinary shares in issue.

On 9 July 2014, the following share re-organisations were made:

- the 197,395,045 ordinary shares were consolidated into 11,443,103 ordinary shares of £0.10 each.
- the 2,604,955 preferred ordinary shares were consolidated into 151,011 preferred ordinary shares of £1.00 each.
- the 151,011 preferred ordinary shares were converted into one £0.10 ordinary share and nine £0.10 deferred shares.

# Exova 2014 Limited (formerly Exova Group Limited)

## Notes to the Financial Statements (continued) For the year ended 31 December 2014

### 9 Reserves

	Share capital	Share premium	Capital contribution reserve	Capital redemption reserve	Profit and loss reserve	Total
	£m	£m	£m	£m	£m	£m
At 1 January 2014	4.4	-	12.4	-	0.9	17.7
Profit for the year	-	-	-	-	10.4	10.4
Dividend recognised in specie from subsidiary undertaking	-	-	-	-	386.7	386.7
Shares issued during the year	0.7	277.5	-	-	-	278.2
Preference shares converted to ordinary and deferred share capital	34.2	9.9	-	-	-	44.1
Redemption of deferred shares	(38.0)	-	-	38.0	-	-
Cancellation of part of share premium account	-	(138.9)	-	-	138.9	-
Cancellation of capital redemption account	-	-	-	(38.0)	38.0	-
Write down of investment in subsidiary undertaking	-	-	-	-	(352.0)	(352.0)
<b>At 31 December 2014</b>	<b>1.3</b>	<b>148.5</b>	<b>12.4</b>	<b>-</b>	<b>222.9</b>	<b>385.1</b>

#### Share premium

On 13 April 2014, the Company issued 733,086 ordinary shares of £0.10 each for a total consideration £278.2m resulting in £277.5m being recognised as share premium. On the same date, the preference shares were subdivided and redesignated as ordinary and deferred shares with the accrued dividend of £9.9m being recognised as share premium.

#### Capital contribution reserve

On 16 November 2011, the capital contribution reserve was created following a resolution by Exova 2014 Limited (formerly Exova Group Limited), whereby the existing holders of the preference shares of Exova 2014 Limited (formerly Exova Group Limited) waived their right to receive any of the accrued preference dividends at the rate of 15% to the 31 December 2010 totalling £12.4m. Furthermore, the preference share dividend rate was reset from 15% to 8% per annum with effect from 1 January 2011.

#### Capital redemption reserve

The capital redemption reserve was created on 13 April 2014 as a result of the deferred shares, with a nominal value of £38.0m being bought back by the Company for a total consideration of £0.01 and immediately cancelled. On the same date, a special resolution was passed by the shareholders to cancel the capital redemption reserve in full for no consideration.

### 10 Related parties

The Company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" paragraph C, not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate parent undertaking. The Company has not transacted with any other related parties in the year.

### 11 Post balance sheet events

On 20 February 2015, the Company declared a final dividend of £20.0m to Exova Group plc, its immediate parent undertaking.

### 12 Ultimate holding company and controlling party

The immediate parent undertaking and controlling party is Exova Group plc. At 31 December 2014, Clayton, Dubilier & Rice LLC, the manager of Clayton, Dubilier & Rice Fund VII L.P., is considered to be the ultimate controlling party. Exova Group plc is the parent company of the smallest group of which the Company is a member, and for which group financial statements are prepared.