Science in Sport plc

Annual report and accounts 2014

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Company number 08535116

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Highlights

- Revenues increased by 24% to £6.85 million (2013: £5.52 million), reflecting strong growth across all selling channels
- Underlying operating loss* of £0.40 million in line with management expectations as the Company continues to invest in revenue growth (2013 underlying operating profit: £0.23 million)
- Appointment of European and Asia Pacific distributors during H2 FY2014
- Substantial and ongoing investment in e-commerce resulting in strong year on year online growth
- Cash and cash equivalents of £0.63 million at 31 March 2014 (2013: £0.14 million)
- Placing of £2.1 million (net) to meet working capital requirements completed post financial year end (April 2014)
- Appointment of Vivienne Sparks as Finance Director.
- Loss from operations of £1.17 million (2013: £0.18 million). These losses are after charging £0.26 million (2013: £0.17 million) of non-cash depreciation and amortisation, £0.26 million (2013: £Nil) of exceptional costs in relation to the demerger and £0.25 million (2013: £0.18 million) of exceptional restructuring costs.
- Loss per share 0.05p (2013: 0.01p).

** before depreciation, amortisation and exceptional items - see note 4*

Chairman's and Chief Executive's statement

We are delighted to announce the maiden preliminary results of Science in Sport plc ("SiS") and to provide a detailed review of the progress that has been made at the Company since it joined the AIM market in August 2013.

By way of introduction, SiS is a company focused on the SiS brand of endurance sports nutrition products. These innovative products are sold into an exciting growth market underpinned by the increasing popularity of endurance sports, particularly cycling, running and rowing, together with disciplines including marathons, half-marathons and triathlons.

The SiS brand is highly trusted and differentiated in its marketplace, exemplified by its widespread use by professional and elite athletes. The SiS brand attracts a wide and growing customer base in amateur sports including cycling, running, triathlon and rowing.

SiS products are endorsed by the Company's Elite Sports Consultants, including the cyclists Sir Chris Hoy and Mark Cavendish MBE and twice Triathlon World Champion Helen Jenkins, who have an active role in new product development. The products are further endorsed by the brand's role as an official supplier to a number of professional cycling teams, to individual elite athletes and to the GB Rowing Team.

SiS products are based on continuous innovation, resulting from scientific collaborations and in-house development expertise. The products are manufactured by SiS at its own manufacturing facility, which has allowed the Company to be certified to the highest standards of banned substance control.

SiS products are designed to sustain performance and to aid recovery. The core product range comprises four key product lines:

- SiS GO isotonic powders and gels – easily digestible carbohydrates for use during exercise
- SiS hydration products – including SiS GO Hydro tablets and SiS GO Electrolyte powders
- SiS GO Bars – cereal-based food bars
- SiS REGO range – drinks and protein bars for recovery after training

SiS is an established brand, dating back to 1992. The brand was acquired by Provexis plc in 2011 and its subsequent demerger and listing as Science in Sport plc in August 2013 has provided the business with the platform and resource to exploit the potential of the brand.

Our strategy is to drive the brand's sales growth nationally and internationally through multiple retail channels, including our own e-commerce website. We are confident that we have laid the foundations for significant sales growth and that this growth will be achieved without a corresponding increase in fixed overheads, giving the Company the attraction of operational gearing.

Overview of the financial year

The financial year to 31 March 2014 was a period of considerable growth at SiS, with sales up 24% to £6.85 million (2013: £5.52 million). Growth was achieved across all of our distribution channels, including specialist sports retailers, major grocers, high street outlets, direct e-commerce, third party e-commerce and international sales.

Sales growth was particularly strong in our own e-commerce channel, which grew 90% year on year, in the high street channel, which grew 71% year on year and in international sales, which grew by 28%.

One of the highlights of the first half was the award of the Tesco 2013 Healthcare Category Supplier of the Year, recognising SiS's ability to work successfully with major customers. Our products are stocked in an increasing number of major grocers including Tesco, Sainsbury's and Waitrose. Major high street chain stockists include Halfords, Holland & Barratt, Evans Cycles and Decathlon.

Independent sports retailers represent an important foundation for the brand and business and we conducted 400 in-store training sessions for retail staff during the year, with our sales representatives making over 4,000 visits to individual stores across the UK.

The development of our e-commerce platform has been a particular focus and during the year we launched a new website with improved shopping functionality and enhanced layout and content. The trend towards consumers shopping on mobile devices continues and as a result we developed a website for shopping from

tablets and smartphones, which launched in May 2014. Over half of our e-commerce site visits are now from mobile devices, and the dedicated mobile site has been well received by customers.

The improved website and mobile site are supported by a new customer relationship management system and we are continuing to invest in e-commerce through new digital and email marketing campaigns. We have also increased staff resource in the area of direct selling to consumers, and dedicated customer service representatives.

The international roll out of the SiS brand represents a major opportunity for the Company. The 28% international sales growth during the year reflected strong growth in Australia, plus extending into new territories. We announced two distribution agreements during the year to accelerate sales in Europe and in the Asia Pacific region. In December 2013, we announced an agreement with the European arm of Shimano, one of the world's largest cycling distributors and component manufacturers. The agreement, which took effect at the beginning of May this year, covers eight European companies and will see SiS products distributed in Nordic countries for the first time.

In November 2013, we announced a distribution agreement for the Asia Pacific region, which was signed with a newly created company, Science in Sport Asia Pacific ("SiSAP"). SiSAP was founded in New Zealand by a group of successful entrepreneurs with a track record in sport businesses, the food industry and logistics. They are currently working with elite athletes in the region including the New Zealand national cycling team.

We moved our head office to central London from Windsor in March this year. One of the key reasons for moving to London was to assist in the recruitment of our direct selling and customer service teams, which is progressing well. The head office also accommodates our management, finance and marketing teams.

Science & innovation

During the year, we were very active in the area of science and innovation, as this is at the heart of the brand and its reputation with elite athletes. Rigorous, evidence-based sports and nutritional science underpins our long-term innovation strategy. SiS benefits from a network of collaborations with academic institutions such as the University of Kent, Liverpool John Moores University and the Welsh National Heart Institute at Cardiff University. Current projects include the funding of a PhD student in Liverpool researching the role of protein in training and carrying out work in Cardiff on the absorption of nitrates.

We are currently in dialogue with a number of potential academic collaborators in connection with emerging areas of interest to the Company in new product development.

SiS develops and protects its intellectual property with patents on an ongoing basis, and new patents will be filed imminently for intellectual property we have developed in the area of nitrates.

Support for shorter-term growth initiatives in various distribution channels comes from improvements to existing products, such as new flavours and packaging formats. During the year this included apple and lemon & lime flavours of isotonic gels and the use of caffeine in the GO Hydro range.

New products, which we define as products in their first year of launch, accounted for 12% of turnover in the year to 31 March 2014 and 48% of sales growth. 14 new products were launched during the year.

Supply chain

One of the key values of the SiS brand is trust and intrinsic to this is our policy on banned substances, given the importance of this issue to professional and elite athletes. Earlier this year we became the first company in the UK to achieve Evolved Certification from Informed Sport, the quality assurance programme for nutritional products used by athletes. This Evolved Certification is highly rigorous and it gives all of our customers, particularly professional athletes, reassurance that our products are produced in a way that minimises the risk of banned substance contamination. SiS is currently the only company in the UK to have achieved this Evolved Certification from Informed Sport.

Our manufacturing facility in Nelson, Lancashire, performed well during the year and delivered an improvement in gross margin to 56.9% (2013: 56.2%). The facility benefits from ample capacity to accommodate our anticipated growth and operates currently on a lean three-shift system, 24 hours a day, five days a week. During the year, we successfully implemented a new production planning and inventory control system, and our intention is to invest in e-commerce logistics at the facility in the current year.

Chairman's and Chief Executive's statement

People
We are delighted to announce the appointment of Vivienne Sparks as our Financial Director. Vivenne, who qualified as an accountant at PricewaterhouseCoopers, brings considerable international financial experience gained predominantly at publicly quoted businesses. We look forward to her input to the Company.

We have continued to develop and strengthen the SiS team during the year with the number of employees at the year end reaching 65. Recruitment in our direct selling and customer care teams in our London office has been an area of focus during the past few months. We have also recruited two athletes into full time roles with the appointment of Emma Barraclough, the international triathlete, as Senior Sports Nutritionist, and Katie Colclough, the Great Britain road and track cyclist, as Sports Marketing Manager.

We would like to take this opportunity to thank the entire team at SiS in London and Lancashire for their energy, dedication and enthusiasm throughout the year.

Financials
Sales in the financial year increased 24% to £6.85 million (2013: £5.52 million). The underlying operating loss (before depreciation, amortisation and exceptional items) was £0.40 million (2013: underlying operating profit of £0.23 million), reflecting investment in sales and marketing to drive revenue growth, together with an increase in administrative costs as a standalone business post admission to AIM.

Exceptional costs of £0.51 million (2013: exceptional costs of £0.24 million) predominantly reflect the costs of the demerger and joining the AIM market, at £0.26 million, and the cost of restructuring the business to be a standalone enterprise. The pre-tax loss for the year was £1.18 million (2013: pre-tax loss of £0.19 million). The Board does not anticipate further exceptional costs in future periods.

Net cash and cash equivalents at the year end were £0.63 million (31 March 2013: £0.14 million).

The balance sheet was significantly strengthened immediately after the year end when, in April 2014, the Company announced a share placing, which raised £2.1 million net of expenses from new and existing investors. The proceeds of the placing are being used to fund the working capital required to support the Company's growth plans.

Change of accounting reference date
The Board has taken the decision to change the Company's accounting reference date and financial year end from 31 March to 31 December. The Board has taken this decision to enable the Company's external reporting period to be better aligned with demand seasonality and subsequent resource management within the business.

As a result of this change the Company's reporting calendar will be as follows:

- Unaudited results for the 6 month period to 30 September 2014 will be announced in December 2014; and
- Audited results covering the 9 month period ended 31 December 2014 will be announced in March 2015.

As part of its audited results covering the 9 month period ended 31 December 2014 the Company will also publish unaudited pro forma numbers for the 12 month period ended 31 December 2014 and 12 month period ended 31 December 2013 in order to illustrate the underlying year on year business performance.

Chairman's and Chief Executive's statement

Outlook
The current financial year has started well with sales growth in the first three months of the year in line with management expectations. This growth has been achieved across all of the Company's distribution channels.

We are particularly excited by the UK stages of the 2014 Tour de France in early July. We have a major promotional campaign planned associated with the Tour, which includes our use of outdoor advertising and TV promotion for the first time.

We intend to continue to invest in all of our distribution channels and in new product development in the coming months and remain confident of achieving strong sales growth in the current year and beyond.

John Clarke
Non-Executive Chairman

Stephen Moon
Chief Executive

26 June 2014

Strategic report

The Strategic Report should be read in conjunction with the Chairman's and Chief Executive's Statement on pages 2 to 5, the Group's financial statements and the Notes to the Group's financial statements set out on pages 20 to 40.

The Annual Report and Accounts ("Annual Report") for the Group are presented under International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The financial statements of the parent company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and are set out on pages 41 to 44.

Company strategy
SiS seeks to maximise its product sales by undertaking the following actions:

- working closely with elite athletes and research partners to develop advocacy of SiS products by the elite sports community;
- investing in and developing SiS products with superior performance characteristics and quality;
- making SiS products available, both in the UK and internationally, through both traditional retailers and e-commerce sales;
- effective marketing of SiS products, including advertising, sponsorship and social media; and
- efficiency of production in terms of both low cost and high customer service levels.

Further detail of the Company strategy is included in the Chairman's and Chief Executive's Statement on pages 2 to 5.

Market opportunity
The Global Market for Sports Performance and Energy Products report by Leatherhead Food Research (April 2011) indicated the market for sports nutrition was worth £19.6bn globally in 2010 and £320m in the UK. Growth in the supplement category grew in the UK by 25% in the five years to 2010, with sports foods growing 300% and sports drinks growing 41% in the same period. This strong UK growth represents an opportunity for SiS. The US, the largest global sports nutrition market, grew 24% over the same period in sports supplements, 54% in sports foods and 16% in sports drinks.

The Directors believe that despite the downturn in the consumer spending environment since 2010, sports nutrition continues to show strong growth compared to traditional food categories.

Financial review
SiS (Science in Sport) Ltd was demerged from Provexis plc with effect from 9 August 2013 and transferred to a newly incorporated parent company, Science in Sport plc. Pursuant to the terms of the Demerger Agreement the Company allotted and issued to the holders of ordinary shares in the capital of Provexis plc 15,188,000 ordinary shares of 10 pence each in consideration of the transfer to the Company by Provexis plc of the whole of the issued share capital of SiS (Science in Sport) Limited. Science in Sport plc was admitted to the AIM segment of the London Stock Exchange's market for listed securities as from 9 August 2013.

The transfer of SiS (Science in Sport) Limited to the new holding company, Science in Sport plc, was not a business combination involving a third party and, as such, the financial statements of Science in Sport plc have been presented as a continuation of the SiS (Science in Sport) Limited and therefore presented as if SiS (Science in Sport) Limited had been owned and controlled by the Company for the full financial year. To do so the principles of reverse acquisition accounting in IFRS 3 have been applied.

Revenue
The Company generated revenues of £6,846,809 (2013: £5,522,240) in the year, ahead of market expectations, representing like for like revenue growth of 24% compared to the same period last year. Revenue growth during the year has been achieved across all of the Company's distribution channels including major grocers, high street retail chains, independent retailers and e-commerce retailers.

Sales growth was particularly strong in our own e-commerce channel, which grew 90% year on year, in the high street channel, which grew 71% year on year and in international sales, which grew by 28%.

Gross margin
The Company generated a gross margin of £3,896,444 (2013: £3,104,063) with gross margin percentage of revenue improving to 56.9% (2013: 56.2%) a 0.7 basis points improvement as a result of factory efficiencies and cost saving initiatives.

Strategic report

Underlying operating loss
The underlying operating loss of £394,869 (2013: £227,014 profit) is due to investment in sales and marketing to drive revenue growth together with an increase in administrative costs as a standalone business post admission to AIM.

The Company has chosen to report underlying operating loss as the Directors believe that the operating loss before depreciation, amortisation and exceptional items provides additional useful information for shareholders on underlying trends and performance. A reconciliation of underlying operating loss to loss from operations is presented on the face of the consolidated statement of comprehensive income. This measure is used for internal performance analysis.

The Company's cost base and its resources have been and will continue to be tightly managed within budgets approved and monitored by the Board.

Exceptional costs
Exceptional costs of £514,923 (2013: £239,686) predominantly reflect the costs of the demerger and joining the AIM market at £262,390 (2013: £Nil) and the cost of restructuring the business to be a standalone enterprise at £252,533 (2013: £178,583). The pre-tax loss for the year was £1,176,882 (2013: £185,855). The Board does not anticipate further exceptional costs in future periods.

Taxation
The current tax charge is £Nil (2013: £107,217, credit) due to the loss made in the year. The deferred tax credit of £218,310 (2013: £18,600) is primarily due to the recognition of a deferred tax asset in respect of taxable losses. Tax refunds totalling £68,084 in respect of prior periods were received in the year the full amount was recognised in the Company's income statement for the year ended 31 March 2013.

Losses and dividends
The loss attributable to equity holders of the parent for the year ended 31 March 2014 was £958,572 (2013: £97,238) and the basic and diluted loss per share was 0.05p (2013: 0.01p). The Directors are unable to recommend the payment of a dividend (2013: £Nil).

Capital structure and funding
On 28 June 2013 the Company announced its intention to apply for the admission to AIM of 19,380,235 ordinary shares of 10p each in the Company, pursuant to the placing of 4,192,225 ordinary shares of 10p each in the Company. These ordinary shares of the Company were admitted to AIM on 9 August 2013 and the Company received net proceeds of £1.7 million (after inter-company loan repayment of £250,000 to Provexis plc) in respect of this transaction.

On 2 October 2013 the Company raised £0.1 million net by the issue and allotment of 134,250 Ordinary Shares at a Placing Price of 74.5 pence per share.

On 9 April 2014 the Company raised net proceeds of £2.1 million by the issue and allotment of 5,111,116 Ordinary Shares at a Placing Price of 45 pence per share. The Placing was undertaken with new and existing institutional shareholders and was oversubscribed. The Placing will enable the Company to fund the working capital required to underpin further revenue growth and also to invest internally in further new revenue generating opportunities. The Directors believe the net proceeds of the Placing enable the Board to increase its revenue outlook ahead of historical year performances.

The latest Placing also introduces a number of new and significant institutional investors onto the shareholder register of the Company. The Directors believe establishing a broader institutional shareholder base is in the long term interests of the Company.

The loan agreement with HSBC Equipment Finance drawn down in September 2012 and secured against a number of assets acquired by SiS (Science in Sport) Limited for the Company's new Nelson factory continues to be repaid.

The Company renewed its £200,000 bank overdraft facility with HSBC in December 2013.

Strategic report

Going concern
The Company made a loss for the year attributable to owners of the parent of £958,572 (2013: £97,238) and expects to make a further loss in the period ending 31 December 2014.

The total cash outflow from operating activities in the year was £1,305,276 (2013: inflow of £85,865). At 31 March 2014 the Company had cash balances of £630,731 (2013: £138,841).

As noted above, the Company raised additional equity of £2.1m (net of associated costs) on 9 April 2014.

The Directors have prepared projected cash flow information for a period including twelve months from the date of approval of these financial statements on the basis that the additional cash received from the placing on 9th April provides sufficient funding for the working capital required to fund further revenue growth and also to invest internally in further new revenue generating opportunities.

Accordingly, the Directors have a reasonable expectation that taking into account the proceeds of the latest fundraising in April 2014 the Company will have sufficient cash to meet all liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key performance indicators
The principal financial KPIs monitored by the Board relate to underlying operating profit/(loss) and cash and cash equivalents.

The table below shows the Company's underlying operating profit/(loss) for the two years ended 31 March 2014:

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Underlying operating (loss)/profit	**(394,869)**	227,014

The trading results are further detailed in the financial review on pages 6 and 7.

The table below shows the Company's cash position at 31 March 2014 and 31 March 2013:

	31 March 2014 £	31 March 2013 £
Cash and cash equivalents	**630,731**	138,841

The monitoring of cash gives due consideration to anticipated future spend required to prioritise development opportunities and to plan the resources required to achieve the goals of the business. The £491,890 increase in cash and cash equivalents during the financial year is primarily the result of proceeds received from share issues, as further detailed in the consolidated statement of cash flows on page 22.

The Directors consider the successful launch of new products and increasing distribution both in the UK and internationally to be the major drivers of value creation for the Company. These are measures of the progress of the business towards its revenue generation goal and are considered by the Directors to be the key non-financial performance indicators used to determine achievement of Company strategy. The Company's performance with regard to such milestones is discussed in the Chairman's and Chief Executive's Review on pages 2 to 5.

Strategic report

Principal risks and uncertainties
In the course of its normal business the Company is exposed to a range of risks and uncertainties which could impact on the results of the Company. The Board considers that risk-management is an integral part of good business process and, on a bi-annual basis, reviews the industry, operational and financial risks facing the Company and considers the adequacy of the controls & mitigants to manage the risks.

The Directors have identified the following principal risks and uncertainties that could have the most significant impact on the Company's long-term value generation.

Food quality and safety
Accidental or malicious ingredient or raw material contamination, or supply chain contamination caused by human error or equipment fault or due to manufacturing or design faults could compromise the safety and quality of SiS products. The consequences could be severe and may include adverse effects on consumer health, loss of market share, financial costs and loss of turnover to SiS.

Where there is a product recall as a result of accidental or malicious ingredient or raw material contamination, or due to supply chain contamination caused by human error or equipment fault or due to manufacturing or design faults, a subsequent product relaunch may not successfully return the relevant brand to its previous market position. This could result in a loss of market share and loss of turnover to SiS.

The Group maintains product liability insurance cover to mitigate the potential impact of such an event.

The Group's stringent approach to food quality and safety is controlled via quality assurance procedures which are based on a risk management approach. Internal systems are reviewed continuously and potential for improvement is monitored.

The manufacturing facility at Nelson is subject to regular food safety and quality control audits. Raw materials, the Nelson facility and finished products are analysed and tested regularly for banned substances by an experienced, independent surveillance company. Earlier this year SiS (Science in Sport) Limited became the first company in the UK to achieve evolved certification from Informed Sport, the quality assurance programme for nutritional products used by athletes. This evolved certification is highly rigorous and it gives the reassurance that our products are produced in a way that minimises the risk of banned substance contamination. SiS (Science in Sport) Limited is currently the only company in the UK to have achieved this evolved certification from Informed Sport.

Commodity pricing risk
Movement in the commodity prices of raw materials and, in the case of imported raw materials and other goods, the value of Sterling against other currencies may have a corresponding impact on finished product cost. Failure to manage the Company's exposure to price increase may adversely affect the Company's financial performance.

Customers and consumers
The Company operates in a competitive market sector and its ability to compete effectively requires an on-going commitment to marketing, product development, innovation, product quality and ability to offer value for money.

The ten largest customers by revenue accounted for 65% of revenues for the year ended 31 March 2014 (2013: 65%) with the largest customer accounting for 12% (2013: 12%). The risks associated with the reliance on these main customers are recognised by the Directors and it is intended that SiS will continue to expand the number of retail outlets where SiS products can be bought and drive sales from e-commerce both in the UK and internationally. Although no single retailer accounts for more than 12% of SiS sales, the dominance of the large retail multiples and third party e-commerce retailers could force an erosion of prices and, subsequently, profit margins. Significant resources are devoted to forging strong relationships with customers.

Strategic report

Trademarks
The Company's success will depend in part on its ability to obtain and protect its trademarks both in the UK and internationally. The Company cannot give definitive assurance that pending or future trademark applications will be granted or that trademarks granted will not be challenged or held unenforceable. To mitigate this, the Group enters into non-disclosure agreements with employees, consultants and prospective commercial partners but cannot assure that such agreements will provide complete safeguards against unauthorised disclosure of confidential information.

People
The Company recognises that its employees are critical to the successful delivery of service to customers. The failure to retain people of high quality would have an adverse effect on Company performance. The Company has high expectations of all staff and in return strives to provide an environment that is both challenging and rewarding.

Funding and other risks
The Company may require additional funding. To the extent that the current cash resources of the Company are insufficient to cover the Company's liabilities in the longer term it may be necessary to seek additional funds through future equity or debt financings and there is no certainty that such funds would be available. Any such further financings, if available at all, may be on terms that are not favourable to the Company. Further, if adequate capital cannot be obtained, the Company's operating results and financial condition could be adversely affected.

Future development
The future development of the Company is discussed in the Chairman's and Chief Executive's Review on pages 2 to 5.

Other statutory disclosures
Directors
At the end of the financial year Science in Sport plc had three Directors all of whom were male.

Senior managers
At the end of the financial year Science in Sport plc had six senior managers of whom five were male and one female.

All employees
At the end of the financial year Science in Sport plc employed 65 people of whom 37 were male and 28 were female.

The Company's employees
The Executive Directors keep staff informed of the progress and development of the Company regularly through formal and informal meetings and employee feedback is encouraged.

The Company does not discriminate between employees and prospective employees on grounds of age, race, religion or gender. Every effort is made to provide the same opportunities to disabled persons as to others.

The Board recognises its obligation towards its employees to provide a safe and healthy working environment. The Company complies with health and safety legislation including conducting regular inspections and risk assessments.

Strategic report

Information this report does not contain
As a result of the size and nature of the Company's operations it was not deemed necessary to provide information about:

- Environmental matters and the impact of the company's business on the environment.
- Social, community and human rights issues.

This Strategic report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved and signed on behalf of the Board

Matthew Holloway
Secretary
26 June 2014

Remuneration report

Remuneration Committee: composition and terms of reference
The Company's Remuneration Committee since the date of Admission to AIM comprises two independent Non-executive Directors and is chaired by John Clarke.

The purpose of the Remuneration Committee is to ensure that the Executive Directors are fairly rewarded for their individual contribution to the overall performance of the Company. The Committee considers and recommends to the Board the remuneration of the Executive Directors and is kept informed of the remuneration packages of senior staff and invited to comment on these.

Policy on Executive Directors' remuneration
Executive remuneration packages are designed to attract and retain executives of the necessary skill and calibre to run the Company successfully but avoiding paying more than is necessary. Direct benchmarking of remuneration is not possible given the specialised nature and size of the Company. The Remuneration Committee recommends to the Board remuneration packages by reference to individual performance and uses the knowledge and experience of the Non-executive Directors and published surveys relating to AIM Directors, and market changes generally. The Remuneration Committee has responsibility for recommending any long term incentive schemes.

The full Board determines whether or not Executive Directors are permitted to serve in roles with other companies. Such permission is only granted where a role is on a strictly limited basis, where there are no conflicts of interest or competing activities and providing there is not an adverse impact on the commitments required to the Company. Earnings from such roles are not disclosed nor paid to the Company.

There are four main elements of the remuneration package for Executive Directors and senior staff:

(i) Basic salaries and benefits in kind
Basic salaries are recommended to the Board by the Remuneration Committee, taking into account the performance of the individual and the rates for similar positions in comparable companies. Benefits in kind comprising private medical insurance are available to all senior staff and Executive Directors.

(ii) Share option scheme
The Company does not currently operate a share option scheme to motivate the Executive Directors and employees through equity participation in the Company. The Remuneration Committee is in the advanced stages of agreeing a long term incentive plan, the terms of which are consistent with the share option plan detailed in the Admission Document.

(iii) Bonus scheme
The Company has an established discretionary non-pensionable bonus scheme for Executive Directors, which is subject to the achievement of agreed goals and targets that are designed to incentivise Directors to perform at the highest levels, and align Directors' interests with those of the shareholders.

For the Executive Directors the performance-related annual bonus potential is up to 195% of basic salary.

(iv) Pension contributions
The Company pays a defined contribution to the pension scheme of Executive Directors and employees. The individual pension schemes are private and their assets are held separately from those of the Company.

Salaries and benefits were reviewed in April 2012 to cover the year from 1 April 2012 to 31 March 2013. Future reviews will continue to be undertaken on an annual basis each April to enable the Company's performance over the preceding financial year and the strategy for the forthcoming year to be considered.

Service contracts
The Chief Executive is employed under a service contract requiring twelve months' notice by either party, and the new Finance Director Vivienne Sparks is employed under a standard contract of employment requiring three months' notice. Non-executive Directors receive payments under appointment letters which are terminable by six months' notice from either party.

Remuneration report

Policy on Non-executive Directors' remuneration
Dawson Buck and John Clarke each receive a fee for their services as a Director, which is approved by the Board, mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. Non-executive Directors are reimbursed for travelling and other minor expenses incurred.

Details of Directors' remuneration
The emoluments paid to the individual Directors of the Company for the year were as follows:

	Salary/ fees £	Benefits in kind £	Pension £	**Year ended 31 March 2014 Total £**	Year ended 31 March 2013 Total £
Executive Directors					
S N Moon (appointed 19 June 2013)	**112,858**	**769**	**5,643**	**119,270**	-
Non-executive Directors					
C D Buck (appointed 28 June 2013)	**1**	**-**	**-**	**1**	-
J M Clarke (appointed 28 June 2013)	**22,582**	**-**	**-**	**22,582**	-
	135,441	**769**	**5,643**	**141,853**	

The above fees and emoluments exclude reimbursed expenditure incurred in the conduct of Company business.

The Directors of the Company received no remuneration in 2013 from the Company or its subsidiary undertaking.

Directors' interests in shares	**Ordinary shares of 10 pence each**	Ordinary shares of 10 pence each
	Beneficial interests	
	31 March 2014	Date of appointment
S N Moon	**199,107**	20,607
J M Clarke	**178,500**	-
C D Buck	**307,565**	129,065
	685,172	149,672

Other than as shown in the table no Director had any interest in the shares of the Company or its subsidiary company at 31 March 2014 or 31 March 2013.

John Clarke
Chairman of the Remuneration Committee
26 June 2014

Corporate Governance

Board of Directors
The Board comprises a Non-executive Chairman, an additional Non-executive Director, both of whom are independent, and a further Executive Director. The Board continues to be satisfied that it has an appropriate mix of independence and experience in its Non-executive Directors.

Board responsibility
The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets, as well as reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material loss and misstatement.

The Board has sought to comply with a number of provisions of the Code in so far as it considers them to be appropriate to the Company's size and nature. This is considered by the Board to be reasonable and does not compromise the overall corporate governance which the Board strongly supports.

Audit Committee
The Audit Committee comprises two Non-executive Directors and is chaired by Dawson Buck. It meets as required and specifically to review the Interim Report and Annual Report and to consider the suitability and monitor the effectiveness of the internal control processes. There were three Audit Committee meetings during the year. The Audit Committee reviews the findings of the external auditors and reviews accounting policies and material accounting judgements.

The independence of the auditors is considered by the Audit Committee. The Audit Committee meets at least twice per calendar year with the auditors to discuss their objectivity and independence, the Annual Report, any audit issues arising, internal control processes and any other appropriate matters.

As well as providing audit related services, the auditors provide taxation advice, corporate finance services and share option scheme advice and undertake work in relation to the interim report. The fees in respect of the non-audit services provided are £125,000 for the year ended 31 March 2014 (2013: £3,500). The Audit Committee have considered the non-audit fees agreed with Chantrey Vellacott DFK LLP in respect of the demerger and are satisfied that that the objectivity and independence of the auditors is safeguarded.

The current terms of reference of the Audit Committee are set out in the governance pages on the Company's website www.scienceinsport.com.

Internal control
The Audit Committee continues to monitor and review the effectiveness of the system of internal control and report to the Board when appropriate with recommendations. There have been no significant changes to the system of internal control throughout the year.

The key control procedures operating within the Company include, but are not limited to:

1. a comprehensive system of financial budgeting, forecasting and then reporting and reviewing actual monthly results for the current year against these expectations;
2. a system of operational and financial Key Performance Indicators ("KPIs"), which are reviewed on a weekly and monthly basis;
3. procedures for appraisal, review and authorisation of capital expenditure;
4. properly authorised treasury procedures and banking arrangements;
5. regular review of materials and services supply agreements; and
6. regular review of tax, insurance and health and safety matters.

At this stage in the Company's development, the Board does not consider it appropriate to establish an internal audit function.

Nominations Committee
The nominations committee consists of the Chairman and the non-executive Director. It is chaired by John Clarke and meets as required, at least once during the year.

The current terms of reference of the Nominations Committee are set out in the governance pages on the Company's website www.scienceinsport.com.

Corporate Governance

Relationship with shareholders
The Directors seek to build a mutual understanding of objectives between the Company and its shareholders. The Company reports formally to shareholders in its interim and annual reports setting out details of its activities. In addition, the Company keeps shareholders informed of events and progress through the issue of regulatory news in accordance with the AIM rules of the London Stock Exchange. The Chief Executive seeks to meet with significant shareholders following interim and final results. The Company also maintains investor relations pages and other information regarding the business, its products and activities on its website www.scienceinsport.com.

Where possible the Annual Report is sent to shareholders at least 21 working days before the Annual General Meeting. Directors are required to attend Annual General Meetings of the Company unless unable to do so for personal reasons or due to pressing commercial commitments. Shareholders are given the opportunity to vote on each separate issue. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Employees
Other statutory disclosures required by the Strategic Report, as detailed on page 10, report on the involvement of employees in the affairs, policy and performance of the company.

Environmental, social and community matters
As noted in the strategic report on page 11 given the size and nature of the Company's operations, the impact of the Company's operations on the local community and the environment is not considered to be significant. Recycling of office supplies is undertaken where possible.

Directors' report

The Company has chosen, in accordance with Section 414 C(ii) of the Companies Act 2006, and as noted in this Directors' report, to include certain matters in its Strategic report that would otherwise be required to be disclosed in this Directors' report. The Strategic report can be found on pages 6 to 11.

Incorporation
The Company was incorporated as SHOO 773A LIMITED on 17 May 2013. The Company changed its name to Science in Sport Limited on 21 June 2013 and to Science in Sport plc on 25 June 2013.

Science in Sport plc has a wholly owned subsidiary, SiS (Science in Sport) Limited, which is registered in England and Wales.

Review of the performance of the business and future developments
The joint statement from the Company's Chairman and Chief Executive on pages 2 to 5 and the Financial Review on pages 6 and 7 report on the Company's performance during the year ended 31 March 2014, its position at that date and its likely future development.

Board of Directors
The Board of Directors has overall responsibility for the Company.

The Directors of the Company during the year and up to the date that the financial statements were approved are shown below.

Executive Directors	
S N Moon	(appointed 19 June 2013)
I Ford	(appointed 19 June 2013, resigned 28 June 2013)
S Sadler	(appointed 17 May 2013, resigned 19 June 2013)
Non-executive Directors	
J M Clarke	(appointed 28 June 2013)
C D Buck	(appointed 28 June 2013)

The brief service of I Ford and S Sadler is attributable to the initial incorporation of the Company and subsequent demerger of SiS (Science in Sport) Limited from Provexis plc.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and officers' liability insurance policy throughout the financial year.

Going concern
The Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's financial statements. Further detail with regards to the consideration of going concern can be found in the Strategic Report on pages 6 to 11

Adequacy of information supplied to auditors
Each Director has taken all reasonable steps to make himself aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

The auditors, Chantrey Vellacott DFK LLP, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

Directors' report

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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the total comprehensive profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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 the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state whether the Company financial statements have been prepared in accordance with applicable UK Accounting Standards, 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication
The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website, www.scienceinsport.com, in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

Matthew Holloway
Secretary
26 June 2014

Independent auditor's report to the members of Science in Sport plc continued

We have audited the financial statements of Science in Sport plc for the year ended 31 March 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the parent company Balance Sheet, the parent company Reconciliation of Movement in Shareholders funds and related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 auditors' 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 auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 group's and the parent 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 Annual Report 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 affairs of the group and the parent company as at 31 March 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Science in Sport plc continued

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Chairman's and Chief Executive's Statement, the Directors' report and Strategic 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Neil Tustian (Senior Statutory Auditor)
For and on behalf of Chantrey Vellacott DFK LLP,
Chartered accountant and statutory auditor
Reading

26 June 2014

Consolidated statement of comprehensive income

	Notes	**Year ended 31 March 2014 £**	Year ended 31 March 2013 £
Revenue	3	**6,846,809**	5,522,240
Cost of goods		**(2,950,365)**	(2,418,177)
Gross profit		**3,896,444**	3,104,063
Sales and marketing costs		**(2,760,347)**	(1,934,218)
Administrative costs		**(2,308,953)**	(1,352,425)
Underlying operating (loss)/profit		**(394,869)**	227,014
Depreciation and amortisation		**(263,064)**	(169,908)
Exceptional costs	4	**(514,923)**	(239,686)
Loss from operations	4	**(1,172,856)**	(182,580)
Finance income	7	**1,816**	-
Finance costs	7	**(5,842)**	(3,275)
Loss before taxation		**(1,176,882)**	(185,855)
Taxation	8	**218,310**	88,617
Loss and total comprehensive expense for the period		**(958,572)**	(97,238)
Attributable to:			
Owners of the parent		**(958,572)**	(97,238)
Loss and total comprehensive expense for the period		**(958,572)**	(97,238)
Loss per share to owners of the parent			
Basic and diluted - pence	9	**(0.05)**	(0.01)

All amounts relate to continuing operations.

The notes on pages 24 to 40 form part of these consolidated financial statements.

Consolidated statement of financial position

Company number 08535116	Notes	**As at 31 March 2014 £**	As at 31 March 2013 £	As at 31 March 2012‡ £
Assets				
Non-current assets				
Intangible assets	10	**205,916**	155,558	7,297
Property, plant and equipment	11	**735,764**	625,782	519,142
Deferred tax	17	**328,658**	110,348	128,948
Total non-current assets		**1,270,338**	891,688	655,387
Current assets				
Inventories	12	**1,024,227**	913,387	635,771
Trade and other receivables	13	**1,371,194**	1,148,938	763,178
Cash and cash equivalents	14	**630,731**	138,841	250,363
Total current assets		**3,026,152**	2,201,166	1,649,312
Total assets		**4,296,490**	3,092,854	2,304,699
Liabilities				
Current liabilities				
Trade and other payables	15	**(1,682,836)**	(2,192,065)	(1,533,317)
Borrowings	16	**(64,774)**	(64,774)	-
Total current liabilities		**(1,747,610)**	(2,256,839)	(1,533,317)
Net current assets/(liabilities)		**1,278,542**	(55,673)	115,995
Non-current liabilities				
Borrowings	16	**(97,122)**	(161,871)	-
Total non-current liabilities		**(97,122)**	(161,871)	-
Total liabilities		**(1,844,732)**	(2,418,710)	(1,533,317)
Total net assets		**2,451,758**	674,144	771,382
Capital and reserves attributable to owners of the parent company				
Share capital	18	**1,951,448**	1,518,799	1,518,799
Share premium reserve		**1,855,374**	-	-
Other reserve		**(906,917)**	(1,367,580)	(1,367,580)
Retained earnings		**(448,147)**	522,925	620,163
Total equity		**2,451,758**	674,144	771,382

These consolidated financial statements were approved and authorised for issue by the Board on 26 June 2014 and signed on its behalf by:

Stephen Moon
Director

‡ As these are the Company's first consolidated accounts, the balance sheet for 31 March 2012 has been presented in accordance with IFRS 1.

The notes on pages 24 to 40 form part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	**Year ended 31 March 2014 £**	Unaudited Year ended 31 March 2013 £
Cash flows from operating activities			
Loss after tax		**(958,572)**	(97,238)
Adjustments for:			
Amortisation	10	**38,319**	17,224
Depreciation	11	**224,745**	152,684
Loss/(profit) on sale of fixed assets	4	**(1,325)**	(4,077)
Net finance cost	7	**4,026**	3,275
Taxation	8	**(218,310)**	(88,617)
Share-based payment charge		**-**	-
Operating cash outflow before changes in working capital		**(911,117)**	(16,749)
Changes in inventories		**(110,840)**	(277,616)
Changes in trade and other receivables		**(289,015)**	(317,676)
Changes in trade and other payables		**(62,388)**	697,906
Total cash (outflow)/inflow from operations		**(1,373,360)**	85,865
Tax paid		**-**	-
Tax credits received		**68,084**	-
Total cash (outflow)/inflow from operating activities		**(1,305,276)**	85,865
Cash flow from investing activities			
Purchase of property, plant and equipment	11	**(334,727)**	(260,597)
Proceeds from sale of property, plant and equipment		**1,325**	5,350
Purchase of intangible assets	10	**(88,677)**	(165,485)
Interest received		**1,582**	-
Net cash outflow from investing activities		**(420,497)**	(420,732)
Cash flow from financing activities			
Proceeds from issue of share capital		**2,350,096**	-
Expenses paid on share issues		**(62,075)**	-
New borrowings	16	**-**	258,994
Repayment of borrowings		**(64,749)**	(32,374)
Interest paid		**(5,609)**	(3,275)
Net cash flow from financing activities		**2,217,663**	223,345
Net decrease in cash and cash equivalents		**491,890**	(111,522)
Opening cash and cash equivalents	14	**138,841**	250,363
Closing cash and cash equivalents	14	**630,731**	138,841

The notes on pages 24 to 40 form part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital £	Share premium £	Preference shares £	Other reserve £	Retained earnings £	Total equity £
At 31 March 2011	1,518,799	-	-	(**1,367,580**)	809,987	961,206
Total comprehensive expense for the year	-	-	-	-	(189,824)	(189,824)
At 31 March 2012	**1,518,799**	**-**	**-**	**(1,367,580)**	**620,163**	**771,382**
Total comprehensive expense for the year	-	-	-	-	(97,238)	(97,238)
At 31 March 2013	**1,518,799**	**-**	**-**	**(1,367,580)**	**522,925**	**674,144**
Issue of ordinary share	1	-	-	-	-	1
Issue of preference shares	-	-	12,500	-	-	12,500
Redemption of preference shares	-	-	(12,500)	12,500	(12,500)	(12,500)
Capital contribution	-	-	-	448,163†	-	448,163
Issue of shares – placing on 9 August 2013	419,223	1,928,424	-	-	-	2,347,647
Issue of shares – placing on 2 October 2013	13,425	86,591	-	-	-	100,016
Transaction costs of demerger and placings	-	(159,641)	-	-	-	(159,641)
Total comprehensive expense for the year	-	-	-	-	(958,572)	(958,572)
At 31 March 2014	**1,951,448**	**1,855,374**	**-**	**(906,917)**	**(448,147)**	**2,451,758**

† During the period, and prior to the demerger (as described in note 1 to the financial statements), the Provexis group undertook a group reorganisation resulting in a capital contribution of £448,163 being recognised in respect of the waiver of intercompany debt.

The notes on pages 24 to 40 form part of these consolidated financial statements.

Set out below is a description of the nature and purpose of each reserve within total equity:

Share capital Amount subscribed for share capital at nominal value (note 18).

Share premium Amount subscribed for share capital in excess of nominal value less costs directly attributable to the issue of shares.

Other reserve The other reserve arose as a result of applying the principles of reverse acquisition accounting following the demerger of SiS (Science in Sport) Limited from Provexis plc and represents the difference between the capital reserves of Science in Sport plc (the legal acquirer) and those of SiS (Science in Sport) Limited (the legal acquiree).

Retained earnings Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Notes to the Consolidated financial statements

1. Accounting policies

General information
Science in Sport plc is a public limited company incorporated and domiciled in the United Kingdom (registration number 08535116). The address of the registered office is 4th Floor, 16 - 18 Hatton Gardens, Farringdon, London EC1N 8AT.

The main activities of the Company are those of developing, manufacturing and marketing sports nutrition products for professional athletes and sports enthusiasts.

Company reorganisation and demerger
SiS (Science in Sport) Ltd was demerged from Provexis plc with effect from 9 August 2013 and transferred to a newly incorporated parent company, Science in Sport plc ("the Company"). Pursuant to the terms of the Demerger Agreement the Company allotted and issued to the holders of ordinary shares in the capital of Provexis plc 15,188,000 ordinary shares of 10 pence each in consideration of the transfer to the Company by Provexis plc of the whole of the issued share capital of SiS (Science in Sport) Ltd. The Company was admitted to the AIM segment of the London Stock Exchange's market for listed securities as from 9 August 2013.

At the date of the demerger, the Company acquired the entire issued share capital of SiS (Science in Sport) Limited in return for issuing shares to shareholders of Provexis plc. The transfer of SiS (Science in Sport) Limited to the new holding company, Science in Sport plc, was not a business combination involving a third party and, as such, the financial statements of Science in Sport plc have been presented as a continuation of the SiS (Science in Sport) Limited and therefore presented as if SiS (Science in Sport) Limited had been owned and controlled by the Company for the full financial year. To do so the principles of reverse acquisition accounting in IFRS 3 have been applied.

Prior to the demerger, Provexis plc converted £448,163 of an intercompany debt into equity by way of a capital contribution. At the time of the demerger, a payment of £250,000 was made to Provexis plc to settle the remaining outstanding intercompany debt.

Basis of preparation
The Company has elected to prepare its parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), and these are set out on pages 41 to 44.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS") and those parts of the Companies Act 2006 that are applicable to financial statements prepared in accordance with IFRS. The Group's financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These are the first set of consolidated financial statements for the Group. The financial statements have been presented as a continuation of SiS (Science in Sport) Limited, which was previously wholly owned by Provexis plc. SiS (Science in Sport) Limited has not previously prepared consolidated financial statements in accordance with EU IFRS, hence these financial statements represent its first such financial statements and IFRS 1 First-time Adoption of International Financial Reporting Standards is applicable. After applying IFRS 1, the assets and liabilities of the Group are not materially different to the assets and liabilities reported in its subsidiary's previously reported financial statements under UK GAAP (their previous GAAP) and consequently no reconciliations to previous GAAP have been presented.

The accounting policies set out below have been applied to all periods presented in these Group financial statements and are in accordance with IFRS, as adopted by the European Union and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that were applicable for the year ended 31 March 2014.

Notes to the Consolidated financial statements

1. Accounting policies (continued)

The following new standards, amendments to standards or interpretations have been issued and are effective for the year ended 31 March 2014, however, the Directors do not expect them to have a material effect on the Group's financial statements:

- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
- Amendments to IAS 19 – Employee Benefits
- IAS 27 – Separate Financial Statements
- IAS 28 – Investments in Associates and Joint Ventures
- Amendments to IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities and IAS 32 (Amended) Financial instruments: Presentation
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurements
- Annual Improvements 2009-2011 cycle
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

None of these standards has had a significant impact on the financial statements of the Group.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ended 31 March 2014. The new standards, amendments to standards and interpretations (effective for periods beginning on or after 1 January 2014 unless otherwise stated) will be relevant to the Group but have not been adopted early as the Directors do not expect these standards and interpretations to have a material effect on the consolidated financial statements:

- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
- IFRS 9 Financial Instruments (effective periods commencing on or after 1 January 2015)

There are a number of standards, interpretations and amendments to published accounts not listed above which the Directors consider not to be relevant to the Group.

Going concern
The Directors are of the opinion that as at 26 June 2014, taking into account the Placing of ordinary shares on 9 April 2014 which raised £2.1m net, the Group and the Company's liquidity and capital resources are adequate to deliver the current strategic objectives having considered projected cash flow information for a period including twelve months from the date of approval of these financial statements and that the Company and SiS (Science in Sport) Limited remain a going concern.

Basis of consolidation
The transfer of SiS (Science in Sport) Limited to the Company on 9 August 2013 has been accounted for in accordance with the principles of reverse acquisition accounting as set out in IFRS 3, Business Combinations.

The financial statements are therefore presented as if SiS (Science in Sport) Limited had been owned and controlled by the Company for the full financial year. Comparatives have been prepared as if the continuing operations of the Company were in existence for the whole of the prior period.

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Notes to the Consolidated financial statements

1. Accounting policies (continued)

The consolidated financial information presents the results of the Company and its subsidiary, SiS (Science in Sport) Limited, as if they formed a single entity ("the Company"). Both group companies share the same reporting date, 31 March. All intra company balances are eliminated in preparing the financial statements.

Revenue
Revenue comprises sale of goods to external customers at the fair value of consideration received or receivable and is shown net of value added tax or local taxes on sales.

Revenue from sales to external customers is recognised when the significant risks and rewards of ownership have been transferred to the buyer in accordance with the customer terms. This is when goods are dispatched to export customers and when the goods are delivered for other UK customers. Sales rebate and discount reserves are established based on management's best estimate of the amounts necessary to meet claims by customers in respect of these rebates and discounts. The provision is made at the time of sale and released, if unutilised, after assessment that the likelihood of such a claim being made has become remote.

All revenue originates in the United Kingdom.

Segment reporting
The Directors have determined that only one operating segment exists under the terms of International Financial Reporting Standard 8 'Operating Segments', as the Company is organised and operates as a single business unit.

Use of non-GAAP profit measure – underlying operating profit/(loss)
The Directors believe that the operating loss before depreciation, amortisation and impairment of intangibles, share based payments and exceptional items measure provides additional useful information for shareholders on underlying trends and performance. This measure is used for internal performance analysis. Underlying operating loss is not defined by IFRS and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute for, or superior to IFRS measurements of profit. A reconciliation of underlying operating profit to statutory operating profit is set out on the face of the Statement of Comprehensive Income.

Exceptional items
Exceptional items are those material items which, by virtue of their size or incidence, are presented in aggregate, separately in the Statement of Comprehensive Income to give a full understanding of the Company's underlying financial performance. Transactions which may give rise to exceptional items include the restructuring of business activities and acquisitions.

Foreign currency translation
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Employee benefits
(i) Defined contribution plans
The Company provides retirement benefits to a number of employees and Executive Directors. The assets of these schemes are held separately from those of the Company in independently administered funds. Contributions made by the Company are charged to the statement of comprehensive income in the period in which they become payable.

(ii) Accrued holiday pay
Provision has been made at the balance sheet date for holidays accrued but not taken at the salary of the relevant employee at that date.

Leased assets
Leases, which contain terms whereby the company does not assume substantially all the risks and rewards incidental to ownership of the leased item are classified as operating leases. Operating lease rentals are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. The company does not hold any assets under finance leases.

Notes to the Consolidated financial statements

1. Accounting policies (continued)

Interest income
Interest income is recognised on a time-proportion basis using the effective interest rate method.

Intangible assets
Externally acquired intangible assets are initially recognised at cost less impairment and subsequently amortised on a straight line basis over their expected useful economic lives as follows:

Website design costs	- 5 years
Computer software	- 5 years

Research and development
Development expenditure and expenditure on the research phase of internal projects are written off as incurred and includes a proportion of salaries and other expenses relating thereto. No development costs met the criteria to be capitalised in the year.

Property, plant and equipment
Plant and equipment assets are stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged to Statement of Comprehensive Income on all plant and equipment at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over their estimated useful lives, which is:

Leasehold improvements	- Over the length of the lease
Plant and machinery	- 4 - 8 years
Fixtures and fittings	- 4 years
Motor vehicles	- 4 years

The assets' residual values and useful lives are determined by the Directors and reviewed and adjusted if appropriate at each balance sheet date in accordance with the Company policy for impairment of assets.

Impairment of assets
Assets that have a finite useful life but that are not yet in use and are therefore not subject to amortisation or depreciation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment annually and when events or circumstances suggest that the carrying amount may not be recoverable an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value, less disposal costs, 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.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

The gain or loss on the disposal of an asset is accounted for in the Statement of Comprehensive Income of the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount.

Notes to the Consolidated financial statements

1. Accounting policies (continued)

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials	- cost of purchase on a first in, first out basis.
Work in progress and finished goods	- cost of raw materials and labour, together with attributable overheads based on the normal level of activity.

Net realisable value is based on estimated selling price less further costs to completion and disposal. A charge is made to the income statement for slow moving inventories. The charge is reviewed at each balance sheet date.

Financial instruments
Financial assets
The Company's financial assets are comprised of 'trade and other receivables' and 'cash and cash equivalents'. They are recognised, when the Company becomes a party to the contractual provisions of the instrument, initially at their fair value and subsequently at amortised cost when the Company becomes a party to the contractual provisions of the instrument. The Company will assess at each balance sheet date whether there is objective evidence that the financial asset is impaired. If an asset is judged to be impaired the carrying amount of the asset will be adjusted to its impaired valuation.

Financial liabilities
The Company's financial liabilities comprise 'trade and other payables' and 'borrowings'. These are recognised initially at fair value and subsequently at amortised cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand.

Taxation
Current tax is provided at amounts expected to be recovered or to be paid using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. When research and development tax credits are claimed they are recognised on an accruals basis and are included as a taxation credit.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability on the balance sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profits will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually made and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The Directors believe the following to be the key areas of estimation and judgement:

Notes to the Consolidated financial statements

1. Accounting policies (continued)

(i) Valuation of inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials, labour and, where appropriate, overheads that have been incurred in bringing the inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(ii) Useful economic lives and residual values of intangible asset and property, plant and equipment

In relation to finite life intangible assets and property, plant and equipment, useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. Assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to potential impairment of the carrying value of such assets.

(iii) Recognition of deferred tax asset

The Directors consider it appropriate to recognise a deferred tax asset in respect of tax losses on the basis that suitable taxable profits against which the losses can be utilised will be generated in the foreseeable future.

2. Financial risk management

2.1 Financial risk factors

The Company's activities inevitably expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk.

It is Company policy not to enter into speculative positions using complex financial instruments. The Company's primary treasury objective is to minimise exposure to potential capital losses whilst at the same time securing favourable market rates of interest on Company cash deposits using money market deposits with banks. Cash balances used to settle the liabilities from operating activities are also maintained in current accounts which earn interest at variable rates.

(a) Market risk
Foreign exchange risk
The Company primarily enters into contracts which are to be settled in UK pounds. However, some contracts involve other major world currencies including the US Dollar and the Euro. Where large contracts of more than £50,000 total value are to be settled in foreign currencies consideration is given to converting the appropriate amounts to or from UK pounds at the outset of the contract to minimise the risk of adverse currency fluctuations.

The Directors consider that the Company incurred minimal expenditure in foreign currencies during the year, and the prior year, and consequently there is currently no material exposure to foreign currency rate risk, although this may change in the future as export markets are developed.

Cash flow and fair value interest rate risk
The Company's interest rate risk arises from medium term and short term money market deposits. Deposits which earn variable rates of interest expose the Company to cash flow interest rate risk. Deposits at fixed rates expose the Company to fair value interest rate risk. The Company had no fixed rate deposits during the year. The Company analyses its interest rate exposure on a dynamic basis throughout the year.

Due to the relatively low level of the Company's borrowings no interest rate swaps or other forms of interest risk management have been undertaken. There is no cash flow risk associated with these borrowings which are at fixed interest rates and an agreed payment schedule.

(b) Credit risk
Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure in relation to outstanding receivables. Company policy is to place deposits with institutions with investment grade A2 or better (Moody's credit rating) and deposits are made in sterling only. The

2. Financial risk management (continued)

Company does not expect any losses from non-performance by these institutions. Management believes that the carrying value of outstanding receivables and deposits with banks represents the Company's maximum exposure to credit risk.

(c) Liquidity risk
Liquidity risk arises from the Company's management of working capital; it is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and management monitors rolling forecasts of the Company's liquidity on the basis of expected cash flow.

The Company had trade and other payables at the statement of financial position date of £1,682,836 (2013: £2,192,065, 2012: £1,533,317) as disclosed in note 15.

2.2 Capital risk management

The Company considers its capital to comprise its ordinary share capital, share premium, other reserve and accumulated retained earnings as disclosed in the consolidated statement of financial position on page 21.

The Company remains funded primarily by equity capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for equity holders of the Company and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company also has an asset loan agreement secured over plant and equipment for a four year term expiring in September 2016 at a fixed interest rate of 3.96%.

3. Segmental reporting

The Directors have determined that only one operating segment exists under the terms of IFRS 8 Operating Segments, as the Group is organised and operates as a single business unit.

Revenues of £851,609 from one customer individually exceeds 10% of Group revenue (2013: three, respectively £651,768, £648,988 and £588,760). These major customers purchase goods from the Company.

Turnover by geographic destination may be analysed as follows:	**Year ended 31 March 2014 £**	Year ended 31 March 2013 £
United Kingdom	**5,929,678**	4,804,440
EU excluding the UK	**689,774**	642,479
Rest of the World	**227,357**	75,321
	6,846,809	5,522,240

Notes to the Consolidated financial statements

4. Loss from operations

Loss from operations is stated after charging/(crediting):	**Year ended 31 March 2014 £**	Year ended 31 March 2013 £
Depreciation of property, plant and equipment	**224,745**	152,684
Amortisation and impairment of intangible assets	**38,319**	17,224
Research and development costs	**227,807**	151,085
Foreign exchange (gains)/losses	**3,537**	(5,054)
Profit on disposal of property, plant and equipment	**(1,325)**	(4,077)
Operating lease costs	**199,657**	124,045
Exceptional operating costs which comprise;	**514,923**	239,686

- Professional costs of admission to AIM totalled £262,390 (2013: £Nil).
- Restructuring costs of £252,533 (2013: £178,583) were incurred as part of the reorganisation of the SiS business.
- Other exceptional costs incurred in 2013 included a write down of inventory of £61,103 on acquisition of SiS (Science in Sport) Limited by Provexis plc.

The total fees for services provided by the Company's auditor are analysed below:	**Year ended 31 March 2014 £**	Year ended 31 March 2013 £
Audit services		
Parent company	**15,000**	-
Subsidiary	**20,000**	10,000
Tax services - compliance		
Parent company	**-**	-
Subsidiary	**5,000**	3,500
Other services		
Review of interim statement	**2,500**	-
Advisory services – share option/long term incentive scheme	**37,500**	-
Corporate finance – tax advisory services	**25,000**	-
Corporate finance – Reporting Accountant on AIM Admission	**55,000**	-
Total fees	**160,000**	13,500

Notes to the Consolidated financial statements

5. Wages and salaries

The average monthly number of persons (including Directors) employed by the Company during the year was as follows:

	Year ended 31 March 2014	Year ended 31 March 2013
Sales, e-commerce and marketing	**17**	12
Manufacturing	**32**	32
Administration	**5**	4
Directors	**3**	-
	57	48

Their aggregate emoluments were:

	£	£
Wages and salaries	**1,616,192**	1,309,994
Directors' fees	**22,583**	-
Social security costs	**170,523**	122,444
Other pension costs	**40,588**	20,180
Total cash settled emoluments	**1,849,886**	1,452,618
Share based payments	**-**	-
Total emoluments	**1,849,886**	1,452,618

6. Directors' remuneration

Amounts paid to the Directors of the parent company.	**Year ended 31 March 2014 £**	Year ended 31 March 2013 £
Directors		
Aggregate emoluments and fees	**136,210**	-
Company pension contributions	**5,643**	-
Total cash settled emoluments	**141,853**	-
Share based payment remuneration charge: equity settled	**-**	-
Total Directors' emoluments	**141,853**	-

In the year ended 31 March 2013 the Directors received no remuneration from the Company or SiS (Science in Sport) Limited; S N Moon and C D Buck were remunerated by Provexis plc in that period.

During the year, one Director participated in defined contribution pension schemes (2013: none).

Directors' emoluments include amounts attributable to benefits in kind comprising private medical insurance on which the Directors are assessed for tax purposes. The amounts attributable to benefits in kind are stated at cost to the Company, which is also the tax value of those benefits. Further details of Directors' emoluments are included in the Remuneration Report on pages 12 to 13.

7. Finance income and costs

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Finance income		
Bank interest receivable	**1,582**	-
Other interest received	**234**	-
	1,816	-
Finance costs		
Interest payable on bank loans and overdrafts	**572**	190
Interest payable on asset loans	**5,270**	3,085
	5,842	3,275

8. Taxation

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Current tax income		
United Kingdom corporation tax	**-**	-
Adjustment in respect of prior period		
United Kingdom corporation tax - other adjustments	**-**	107,217
Total current tax income	**-**	107,217
Deferred tax		
Effect of change in tax rates	**(14,393)**	-
Origination and reversal of temporary differences	**232,703**	(18,600)
Tax on loss for the year	**218,310**	88,617

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Loss before tax	**1,176,882**	185,855
Loss before tax multiplied by the standard rate of corporation tax in the UK of 20% (2013: 24%)	**235,377**	44,605
Effects of:		
Expenses not deductible for tax purposes	**(45,963)**	(4,604)
Additional deduction for R&D expenditure	**43,289**	74,602
Adjustments in respect of prior years	**-**	(21,189)
Effect on deferred tax balances due to changes in tax rate	**(14,393)**	(4,797)
Total tax credit for the year	**218,310**	88,617

At 31 March 2014 UK tax losses of the Company available to be carried forward are estimated to be £1,845,470 (2013: £566,393).

Whilst the reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013 was substantively enacted on 2 July 2013 deferred tax was provided for at a rate of 24% in respect of the 31 March 2013 results. Since the date that legislation was enacted, it has been confirmed that the rate will be reduced to 21% as of 1 April 2014, with a further reduction to 20% from 1 April 2015. Accordingly, deferred tax balances have been revalued to the lower rate of 20% in these accounts to the extent that timing differences are expected to reverse after this later date.

Notes to the Consolidated financial statements

9. Loss per share

Basic and diluted loss per share amounts are calculated by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

As a result of the demerger, the Company became the new parent company of SiS (Science in Sport) Limited. Therefore the weighted average number of ordinary shares outstanding has been calculated using the number of ordinary shares issued by the Company to the shareholders of Provexis plc at the date of the demerger (9 August 2013) and adjusted for:

- movements in the number of ordinary shares of SiS (Science in Sport) Limited in the period prior to 31 March 2013 and from 31 March 2013 to the date of demerger; and
- movements in the number of ordinary shares from the demerger date to 31 March 2014 using the actual number of ordinary shares of the Company outstanding during that period.

	Year ended 31 March 2014	Year ended 31 March 2013
Loss for the year attributable to owners of the parent - £	**(958,572)**	(97,238)
Weighted average number of shares	**17,941,824**	15,188,000
Basic and diluted loss per share – pence	**(0.05)**	(0.01)

The company has issued further equity since the period end - see note 22.

10. Intangible assets

	Software £	**Website development costs £**	**Total £**
Cost			
At 1 January 2011	13,560	15,925	29,485
Additions	-	5,627	5,627
Disposals	-	(15,925)	(15,925)
At 1 April 2012	13,560	5,627	19,187
Additions	1,636	163,849	165,485
At 1 April 2013	15,196	169,476	184,672
Additions	5,135	83,542	88,677
At 31 March 2014	**20,331**	**253,018**	**273,349**
Amortisation			
At 1 January 2011	9,040	1,394	10,434
Charge for period	2,712	4,797	7,509
Released on disposals	-	(6,053)	(6,053)
At 1 April 2012	11,752	138	11,890
Charge for year	1,944	15,280	17,224
At 1 April 2013	13,696	15,418	29,114
Charge for year	925	37,394	38,319
Impairment	-	-	-
At 31 March 2014	**14,621**	**52,812**	**67,433**
Net book value			
At 31 March 2014	**5,710**	**200,206**	**205,916**
At 31 March 2013	1,500	154,058	155,558
At 31 March 2012	1,808	5,489	7,297

11. Property, plant and equipment

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2011	-	291,407	152,563	151,783	595,753
Additions	219,247	246,595	18,021	-	483,863
Disposals	-	-	-	(48,612)	(48,612)
At 1 April 2012	219,247	538,002	170,584	103,171	1,031,004
Additions	11,709	146,626	102,262	-	260,597
Disposals	-	(4,700)	-	(59,332)	(64,032)
At 1 April 2013	230,956	679,928	272,846	43,839	1,227,569
Additions	73,934	74,190	186,603	-	334,727
Disposals	-	-	-	(23,170)	(23,170)
At 31 March 2014	**304,890**	**754,118**	**459,449**	**20,669**	**1,539,126**
Depreciation					
At 1 January 2011	-	248,102	98,395	131,626	478,123
Charge for the period	10,707	31,520	27,288	12,836	82,351
Disposals	-	-	-	(48,612)	(48,612)
At 1 April 2012	10,707	279,622	125,683	95,850	511,862
Charge for the year	48,000	71,047	28,469	5,168	152,684
Disposals	-	(3,427)	-	(59,332)	(62,759)
At 1 April 2013	58,707	347,242	154,152	41,686	601,787
Charge for the year	55,542	85,683	81,367	2,153	224,745
Disposals	-	-	-	(23,170)	(23,170)
At 31 March 2014	**114,249**	**432,925**	**235,519**	**20,669**	**803,362**
Net book value					
At 31 March 2014	**190,641**	**321,193**	**223,930**	**-**	**735,764**
At 31 March 2013	172,249	332,686	118,694	2,153	625,782
At 31 March 2012	208,540	258,380	44,901	7,321	519,142

The carrying amount of fixtures, fittings, plant and equipment includes an amount of £200,594 (2013: £245,266; 2012: £Nil) in respect of assets provided as security under a loan agreement.

12. Inventories

	31 March 2014 £	31 March 2013 £	31 March 2012 £
Raw materials	**637,634**	503,093	351,744
Finished goods	**386,593**	410,294	284,027
	1,024,227	913,387	635,771

There is a provision of £14,047 included within inventories in relation to the impairment of inventories (2013: £27,328; 2012: £Nil).

During the year inventories of £2,149,320 (2013: £1,798,486; 2012: £2,175,525) were recognised as an expense within cost of sales.

13. Trade and other receivables

	31 March 2014 £	31 March 2013 £	31 March 2012 £
Trade receivables	**1,102,834**	755,106	600,649
Less: provision for impairment of trade receivables	**(42,383)**	(32,233)	(32,101)
Trade receivables – net	**1,060,451**	722,873	568,548
Corporation tax	**-**	68,084	-
Other receivables	**82,143**	72,596	131,347
Total financial assets other than cash and cash equivalents classified as loans and receivables	**1,142,594**	863,553	699,895
Prepayments and accrued income	**228,600**	285,385	63,283
Total trade and other receivables	**1,371,194**	1,148,938	763,178

Trade receivables represent debts due for the sale of goods to customers. The provision for impairment of receivables is estimated by the Company's management based on prior experience.

Trade receivables are denominated in Sterling. The Directors consider that the carrying amount of these receivables approximates to their fair value. Trade and other receivables are categorised as loans and receivables under IAS 39.

All amounts shown under receivables fall due for payment within one year.

The Company does not hold any collateral as security.

As at 31 March 2014 trade receivables of £113,439 (2013: £125,319; 2012: £154,902) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	31 March 2014 £	31 March 2013 £	31 March 2012 £
Up to 3 months	**113,439**	125,319	154,902
	113,439	125,319	154,902

As at 31 March 2014 trade receivables of £42,383 (2013: £32,233; 2012: £32,101) were past due and impaired. The amount of the provision as at 31 March was £42,383 (2013: £32,233; 2012: £32,101).

Movements on the Company provision for impairment of trade receivables are as follows

	31 March 2014 £	31 March 2013 £	31 March 2012 £
At beginning of year	**32,233**	32,101	32,101
Provided during year	**13,680**	5,750	-
Unused amounts reversed	**(3,530)**	(5,618)	-
	42,383	32,233	32,101

The movement on the provision for impaired receivables has been included in administrative expenses in the consolidated statement of comprehensive income.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

14. Cash and cash equivalents

	31 March 2014 £	31 March 2013 £	31 March 2012 £
Cash at bank and in hand	**630,731**	138,841	250,363
	630,731	138,841	250,363

15. Trade and other payables

	31 March 2014 £	31 March 2013 £	31 March 2012 £
Trade payables	**749,353**	889,541	820,053
Other payables	**2,745**	742,573	315,745
Accruals	**865,408**	523,540	330,847
Total financial liabilities measured at amortised cost	**1,617,506**	2,155,654	1,466,645
Corporation tax	**-**	-	39,133
Other taxes and social security	**65,330**	36,411	27,539
Total trade and other payables	**1,682,836**	2,192,065	1,533,317

Other payables includes £Nil (2013: £738,168, 2012: £308,100) owed to Provexis plc, a related party (see note 21). Of the amount owing at 31 March 2013, £448,163 was capitalised and the balance was repaid under the demerger agreement.

The Directors consider that the carrying amount of these liabilities approximates to their fair value.

All amounts shown fall due within one year.

16. Borrowings

	31 March 2014 £	31 March 2013 £	31 March 2012 £
Secured borrowings at amortised cost			
Asset loan agreement at fixed rate	**161,896**	226,645	-
	161,896	226,645	-
Amounts due for settlement within 12 months	**64,774**	64,774	-
Amounts due for settlement after 12 months	**97,122**	161,871	-
	161,896	226,645	-

The asset loan agreement was provided in September 2012 by HSBC Asset Finance (UK) Limited and is secured over plant and equipment. The asset loan is for a four year term, expiring in September 2016 at a fixed interest rate of 3.96%.

17. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2013: 24%; 2012: 24%). Details of the deferred tax asset and liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

	Asset 2014 £	Liability 2014 £	Net 2014 £	(Charged)/ credited to profit or loss 2014 £
At 1 April 2012	128,948	-	128,948	
Depreciation in excess of capital allowances	-	(34,696)	(34,696)	(34,696)
Other short term timing differences	13,547	-	13,547	13,547
Unutilised tax losses	2,549	-	2,549	2,549
At 1 April 2013	145,044	(34,696)	110,348	(18,600)
Depreciation in excess of capital allowances	-	(17,225)	(17,225)	(17,225)
Other short term timing differences	(2,944)	-	(2,944)	(2,944)
Unutilised tax losses	238,479	-	238,479	238,479
At 31 March 2014	**380,579**	**(51,921)**	**328,658**	**(218,310)**

A deferred tax asset of £328,658 (2013: £110,348; 2012: £128,948) has been recognised in respect of tax losses and other temporary differences where the Directors believe it is probable that these assets will be recovered. The Directors have made this assessment based on the evidence available from projected forecasts of profitability.

18. Share capital

SiS (Science in Sport) Ltd was demerged from Provexis plc with effect from 9 August 2013 and transferred to a new parent company, Science in Sport plc ("the Company"). The Company was admitted to the AIM segment of the London Stock Exchange's market for listed securities as from 9 August 2013.

At the date of the demerger, the Company acquired the entire issued share capital of SiS (Science in Sport) Limited in return for issuing shares to the shareholders of Provexis plc.

The transfer of SiS (Science in Sport) Limited to the new holding company, Science in Sport plc, was not a business combination involving a third party and, as such, the financial statements of Science in Sport plc have been presented as a continuation of the SiS (Science in Sport) Limited and therefore presented as if SiS (Science in Sport) Limited had been owned and controlled by the Company for the full financial year. To do so the principles of reverse acquisition accounting in IFRS 3 have been applied.

Full details of the share re-organisation were provided in a circular to shareholders of Provexis Plc on 28 June 2013. The Admission Document is available to download from the Company's website www.scienceinsport.com.

The main principles used in the presentation of share capital and other reserves of the Company are as follows:

- The equity instruments of the Company were initially recognised at their fair value on the date of demerger.
- The movements in share capital prior to 9 August 2013 reflect the movements in the share capital of SiS (Science in Sport) Limited.

18. Share capital (continued)

Allotted, called up and fully paid (except as disclosed)	Ordinary 10p shares number	Preference £1 shares number	Total number
At 31 March 2012	15,187,990	-	15,187,990
At 31 March 2013	15,187,990	-	15,187,990
Issued on 17 May 2013- £1 ordinary share	1	-	1
Subdivision to 10p ordinary shares on 20 June 2013	9	-	9
Issued on 20 June 2013	-	50,000	50,000
Redeemed and cancelled	-	(50,000)	(50,000)
Issued on placing on 9 August 2013	4,192,225	-	4,192,225
Issued on placing on 2 October 2013	134,250	-	134,250
At 31 March 2014	**19,514,475**		**19,514,475**

	Ordinary 10p shares £	Preference £1 shares £	Total £
At 31 March 2012	1,518,799	-	1,518,799
At 31 March 2013	1,518,799	-	1,518,799
Issued on 17 May 2013- £1 ordinary share	1	-	1
Subdivision to 10p ordinary shares on 20 June 2013	-	-	-
Issued on 20 June 2013- 25% paid	-	12,500	12,500
Redeemed and cancelled	-	(12,500)	(12,500)
Issued on placing on 9 August 2013	419,223	-	419,223
Issued on placing on 2 October 2013	13,425	-	13,425
At 31 March 2014	**1,951,448**	**-**	**1,951,448**

During the year ended 31 March 2014 the Company issued ordinary shares of 10p each as follows:

Date	Reason for issue	Shares issued £	Number
9 August 2013	Placing	401,800	4,018,000
9 August 2013	Placing	17,423	174,225
2 October 2013	Placing	13,425	134,250
		432,648	**4,326,475**

19. Pension costs

The pension charge represents contributions payable by the Company to independently administered funds which during the year ended 31 March 2014 amounted to £40,588 (2013: £20,180). Pension contributions payable but not yet paid at 31 March 2014 totalled £11,847 (2013: £9,057), in respect of pension contribution entitlements where employees had not yet provided details of the funds to which the contributions should be made.

20. Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	31 March 2014 £	31 March 2013 £
Due within 1 year	**206,640**	152,406
Due between 1 year and 2 years	**213,416**	143,175
Due between 2 years and 5 years	**249,472**	186,762
	669,528	482,343

Operating lease payments primarily represent rentals payable by the Company for various offices. The leases have various terms, escalation clauses and renewal rights typical of lease agreements for the class of asset.

21. Related party transactions

Transactions with Provexis plc prior to demerger
All transactions between the Company and its subsidiary with the Provexis plc group of companies prior to the demerger have been considered related party transactions on the basis of common control.

Following the acquisition of SiS (Science in Sport) Limited by Provexis plc on 24 June 2011 that company had provided working capital and funds to support the company's capital expenditure program as part of the factory move in 2012 for SiS (Science in Sport) Limited by way of intra group loans.

Other payables includes £Nil (2013: £738,168, 2012: £308,100) owed to Provexis plc, a related party (see note 15). Of the amount owing at 31 March 2013, £448,163 was capitalised and the balance was repaid under the demerger agreement.

Key management compensation
The Directors represent the key management personnel. Details of their compensation are given in note 6 and within the Remuneration report on pages 12 to 13.

22. Post balance sheet events

On 9 April 2014 the Company raised £2.1 million net proceeds by the issue and allotment of 5,111,116 Ordinary Shares at a Placing Price of 45 pence per share. The Placing was undertaken with new and existing institutional shareholders and was oversubscribed. The Placing will enable the Company to fund the working capital required to fund further revenue growth and also to invest internally in further new revenue generating opportunities. The Directors believe the net proceeds of the Placing enable the Board to increase its revenue outlook ahead of historical year performances.

The latest Placing also introduces a number of new and significant institutional investors onto the shareholder register of the Company. The Directors believe establishing a broader institutional shareholder base is in the long term interests of the Company.

Parent company balance sheet

Company number 08535116	Notes	As at 31 March 2014 £
Fixed assets		
Investments	3	1,518,800
Current assets		
Debtors - due within one year	4	2,060,037
Cash and cash equivalents		-
Net current assets		2,060,037
Total assets		3,578,837
Creditors: amounts falling due after more than one year	5	-
Net assets		3,578,837
Capital and reserves		
Share capital	6	1,951,448
Share premium reserve	7	1,855,374
Retained earnings	7	(227,985)
Equity shareholders' funds	8	3,578,837

These financial statements were approved and authorised for issue by the Board on 26 June 2014 and signed on its behalf by:

Stephen Moon
Director

The notes on pages 42 to 44 form part of these parent company financial statements.

Notes to the parent company financial statements

1. Accounting policies

The parent company financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Going concern
The going concern basis has been applied in preparing the parent company financial statements for the reasons identified and disclosed in note 1 to the consolidated financial statements.

Taxation
Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences and to the extent that differences are considered to be permanent. Deferred tax balances are not discounted.

Valuation of investments
The investment in SiS (Science in Sport) Limited is recorded at the nominal value of shares issued for the purposes of the demerger in accordance with s615 of the Companies Act 2006. Accordingly, no premium on the issue of shares has been recognised.

2. Profit attributable to shareholders

As permitted by Section 408 of the Companies Act 2006 no separate parent company profit and loss account has been included in these financial statements. The loss for the year in Science in Sport plc ("the Company") of £958,572 (2013: £97,238) includes a loss after tax of £227,985 (2013: £Nil) which is dealt with in the financial statements of the Company.

All salary costs of employees of the Company are borne by SiS (Science in Sport) Limited.

3. Investments

	31 March 2014 £
Nominal value of shares issued as consideration on 9 August 2013	1,518,800
Provision for impairment	-
Net book value	**1,518,000**

At 31 March 2014 the Company owned the following material subsidiary undertakings:

	Share of issued ordinary share capital, and voting rights	**Country of incorporation and operation**	**Business activity**
SiS (Science in Sport) Limited	100%	England and Wales	Sports nutrition

There are no significant restrictions on the ability of subsidiary undertakings to transfer funds to the parent, other than those imposed by the Companies Act 2006.

Notes to the parent company financial statements

4. Debtors

	31 March 2014 £
Debtors falling due within one year	
Amounts owed by subsidiary company	2,060,037
	2,060,037

5. Creditors: amounts falling due after one year

	31 March 2014 £
Creditors falling due after one year	
Accruals	-
	-

6. Share capital

Allotted, called up and fully paid (except as disclosed)	Ordinary 10p shares number	Preference £1 shares Number	Total number
Issued on incorporation- £1 ordinary share	1	-	1
Subdivision to 10p ordinary shares on 20 June 2013	9	-	9
Issued on 20 June 2013	-	50,000	50,000
Redeemed and cancelled	-	(50,000)	(50,000)
Issued on demerger on 9 August 2013	15,187,990	-	15,187,990
Issued on placing on 9 August 2013	4,192,225	-	4,192,225
Issued on placing on 2 October 2013	134,250	-	134,250
At 31 March 2014	**19,514,475**	**-**	**19,514,475**

	£	£	£
Issued on incorporation- £1 ordinary share	1	-	1
Subdivision to 10p ordinary shares on 20 June 2013	-	-	-
Issued on 20 June 2013- 25% paid	-	12,500	12,500
Redeemed and cancelled	-	(12,500)	(12,500)
Issued on demerger on 9 August 2013	1,518,799	-	1,518,799
Issued on placing on 9 August 2013	419,223	-	419,223
Issued on placing on 2 October 2013	13,425	-	13,425
At 31 March 2014	**1,951,448**	**-**	**1,951,448**

On incorporation on 17 May 2013 one subscriber £1 Ordinary share was issued and fully paid up. On 20 June 2013, the Ordinary share was subdivided into ten shares of 10p each and 50,000 £1 Redeemable Preference Shares were issued, of which £12,500 was paid up. The preference shares were redeemed after the admission of ordinary shares onto AIM. The Redeemable Preference Shares held no rights other than redemption at par.

Notes to the parent company financial statements

7. Reserves

	Share premium reserve £	Retained earnings £
At 1 April 2013	-	-
Retained loss for the period	-	(227,985)
Premium on issue of shares for 9 August 2013 placing	1,928,424	-
Transactions costs of new placings	(159,641)	-
Premium on placing of shares on 2 October 2013	86,591	-
At 31 March 2014	**1,855,374**	**(227,985)**

8. Reconciliation of movement in shareholders' funds

	31 March 2014 £
Loss for the period	(227,985)
Share issued on incorporation	1
Shares issued on demerger	1,518,799
Shares issued on 9 August 2013 placing	2,188,006
Further shares issued in period including share premium	100,016
Net increase in shareholders' funds	3,578,837
Opening shareholders' funds	-
Closing shareholders' funds	3,578,837

9. Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with 100% owned members of the Group headed Science in Sport plc on the grounds that 100% of the voting rights of the Company are controlled within that Group.

Science in Sport plc wholly owns SiS (Science in Sport) Limited.

Company information

Company number	08535116
Directors	J M Clarke C D Buck S N Moon
Audit committee	C D Buck J M Clarke
Remuneration committee	C D Buck J M Clarke
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Secretary and registered office	M Holloway 4th Floor 16 - 18 Hatton Gardens Farringdon London EC1N 8AT
Nominated adviser and broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Principal solicitors	Shoosmiths Apex Plaza Forbury Road Reading Berkshire RG1 1SH
Auditors	Chantrey Vellacott DFK LLP Prospect House Queens Road Reading Berkshire RG1 4RP

Notes

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