

**Bionical Solutions Group Limited**  
*(formerly Bionical Group Holdings Limited)*

Annual report and consolidated  
financial statements

Registered number 11662879

31 December 2019

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## **Company information**

<b>Directors</b>	AT Borkowski G Davies H Miles
<b>Registered number</b>	11662879
<b>Registered office</b>	The Piazza Mercia Marina Findern Lane Willington Derbyshire DE65 6DW
<b>Independent auditors</b>	Mazars LLP Park View House 58 The Ropewalk Nottingham NG1 5DW

## **Directors' report**

The directors present their annual report and the consolidated financial statements for the period ended 31 December 2019.

### **Company incorporation**

The Company was incorporated on 6 November 2018 under the name of Bionical Group Holdings Limited. On 10 December 2018 the Company changed its name to Bionical Solutions Group Limited. The accounting period was extended to 31 December 2019 to become co-terminus with other group companies.

### **Principal activity**

The Group's principal activity is the provision of healthcare services.

### **Proposed dividends**

The directors do not recommend a payment of a dividend

### **Directors**

The directors who held office during the period and up to the date of this report were:

AT Borkowski	(appointed on incorporation)
G Davies	(appointed 1 January 2019)
H Miles	(appointed 1 January 2019)

### **Future developments**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report on page 4.

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 to set out in the Company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

### **Employees**

The Group seeks to ensure that all employees, job applicants and prospective job applicants, are afforded equality of job opportunity in all areas of employment. In particular the Group recognises its responsibilities towards disabled persons and does not discriminate against them in terms of job offers, training or career development and prospects. If an existing employee were to become disabled during the course of employment, every practical effort would be made to retain the employee's services with whatever retraining is appropriate.

The Group's Health & Safety Policy fully recognises the Group's responsibility for the health and safety of employees and members of the community in which they work. The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees, and on various matters affecting the performance of the Group.

### **Qualifying third party indemnity provisions**

The group has in place indemnity insurance for Directors of the company.

## **Directors' report** *(continued)*

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditor**

Mazars LLP was appointed first auditor of the company by the directors. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Mazars LLP will therefore continue in office.

In accordance with the Companies Act 2006 section 414C(11), the disclosure of principal risks and uncertainties has been included within the Strategic Report.

This report was approved by the board and signed on its behalf by:



**AT Borkowski**  
*Director*

Date: Oct 15, 2020

## Strategic report

### Business review and key financial performance indicators

Within this report the directors aim to present a fair, balanced and comprehensive review of the development and performance of the business during the period and its position at the period end. The review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties the Group faces.

The Bionical Solutions Group is a leading independent healthcare service provider and comprises of a number of companies offering a variety of complementary services. All have the same overriding commitment to improving patient outcomes.

The Group's healthcare services include the following:

- Health outcomes: nurse and healthcare practitioner led services designed to optimise patient outcomes and experience. NHS, public health and lifestyle services including clinical home healthcare, HCP and patient engagement, nurse education teams, service assessment and design, consultation support software and virtual & digital programmes;
- Communications: a range of business and commercialisation support services in the UK and USA. They include the provision of sales teams, multi-channel sales and contact centre services for pharma and healthcare clients. As well as digital communications from mobile apps to website development and integrated healthcare management platforms, insight consultancy, HealthTech, creative and branding.

At the heart of all these services lies a common aim – improved outcomes. For both clients and patients, this is achieved by improving access to and impact of medicines, and through patient focus, enhancing communication and optimising behaviour. The company achieves this in a unique way. In all its activities, the company leverages its in-house behavioural change expertise and employs compelling behavioural and engagement techniques to accelerate positive behavioural change.

The Group uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised below:

	<b>2019</b>
	<b>£000</b>
Turnover	<b>23,387</b>
Gross margin	<b>8,363</b>
Adjusted EBITDA	<b>434</b>
Cash at bank and in hand	<b>462</b>
Net assets excluding loans falling due after more than one year	<b>2,168</b>

Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, excluding non-underlying costs and related party transactions. A reconciliation of the adjusted items are shown in note 4 and presented in total on the consolidated profit and loss account and other comprehensive income statement.

As we are a service organisation and people are key, we continued our strategic investment in the appointment of key personnel during the year, in order to support the continued future growth of the Group. There are still significant further synergy and efficiency gains to be made from this investment, which will materialise through the increased efficiency of gross margin to operating profit in 2020 and beyond.

Management, with both the successful ongoing implementation of their long term strategic plans and the continued support of the group's private equity investors, are confident of a significant enhancement in both sustainable revenue and profitability in 2020 and beyond.

## **Strategic report** *(continued)*

### **Principal risks and uncertainties**

The Group's risk management process includes an assessment of the likelihood and potential impact of a range of events to determine the overall risk level and to identify actions necessary to mitigate their impact. The following risks have been identified as ones which could have a material impact on the future financial performance of the Group and cause results to differ materially from expected and historical results. Additional risks which are not currently known or which are regarded as immaterial could also affect future performance.

#### *Impact of Corona Virus Pandemic*

The Group's primary concern is the health and safety of its employees and as such closed the offices and introduced working from home. During the lockdown the Group has continued to perform successfully. The Senior Management team have daily calls and a weekly call is held with the Board of Directors. As a Group engaged within the healthcare sector our customers are keen to maintain their services to ensure that patient outcomes are not compromised. Therefore operationally there has been little negative impact.

The Group regularly reviews its cashflow and has produced several sensitivities to assess the risks. Operationally the Group believes it is well placed to assist the NHS with the Corona virus pandemic by assisting in reducing patient visits into primary healthcare (due to remote patient care), improve the pharmaceutical companies reach of products via our digital communication channels and reduce face to face marketing for pharmaceutical companies via our multi channel engagement business unit.

The majority of the Groups customers are global pharmaceutical companies so there is little risk of them going out of business.

The Group has reviewed and taken advantage of any initiatives made available by the UK and US governments.

#### *Impact of the UK exiting the European Union ('Brexit')*

The directors continually monitor and discuss the impact of Brexit at monthly board meetings. The Group's assessment to the risks associated to Brexit remain the same. Fundamentally there is a strong demand for healthcare services within the UK whether the UK is part of European Union or not. Therefore Brexit has not caused any specific adjustments in the Group's business. The situation continues to be monitored as part of the Group's monthly Governance reporting.

#### *Exposure to Price, Credit and Liquidity risk*

The Group monitors the risks posed by price, credit and liquidity regularly via weekly calls with the Directors and the monthly Board Meetings. This helps to ensure that adequate safeguards can be implemented should any risk become significant enough to warrant action. These include operational reviews on key contracts, financial reviews of recent performance, regular reforecasting (including identification of opportunities and risks) and commercial reviews of new tenders.

#### *Cash flow risk*

The directors monitor the cashflow forecast every week for the next rolling 12 months. This forecast shows any requirement for working capital injections and enables the Directors to proactively manage any risks and opportunities and seek alternate sources of finance if required.

Scenarios can then be discussed to see if any particular inflows would require additional funding to be required.

#### *Financial risk management*

The Group's operations expose it to a variety of financial risks including the effects of credit risk, exchange rate risk and interest rate risk. The directors mitigate these risks by ensuring that the Group is operated in a financially responsible manner, ensuring external debt is kept to a minimum and hedging against foreign exchange rate fluctuations where possible.

## **Strategic report** *(continued)*

### *Market and customer related risk*

The Group supplies services and products to the corporate and public sector markets and is affected by macro-economic conditions. The directors seek to mitigate risks by seeking to minimise its cost base and adapt to market conditions when adverse market events occur and by monitoring credit exposures.

Considering the risks and uncertainties the Group has identified, we are aware that any plans for the future development of the business may be subject to unforeseen events outside our control.

### *Going concern*

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic report on page 4. The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a 12 month period from the date of approval of these financial statements and such forecasts have indicated that sufficient funds should be available to enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Support has been received from the Groups owners regarding future necessary cash flow injection requirements to support the growth in the business. Additionally the company has a strong order book with over 70% sales already contracted and has been successful in winning several major long term contracts since the year end.

### **Post balance sheet events**

Since the Balance Sheet date, there has been a global outbreak of coronavirus (COVID-19). On 12 March, the World Health Organisation declared the outbreak of coronavirus (COVID-19) a pandemic.

Many countries, including the UK, have reacted to contain and delay the spread of the virus, which included extensive social distancing, business closures and travel bans. The directors considered the financial impact of this pandemic and have concluded that the matter is a non-adjusting PBSE.

This report was approved by the board and signed on its behalf by:



**AT Borkowski**  
*Director*

Date: Oct 15, 2020

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

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

## **Independent auditors' report to the members of Bionical Solutions Group Limited (formerly Bionical Group Holdings Limited)**

### **Opinion**

We have audited the financial statements of Bionical Solutions Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements**

In forming our opinion on the financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 5, and the consideration in the going concern basis of preparation on page 17 and non- adjusting post balance sheet events on page 37.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK and mainland Europe.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the group's trade, customers, suppliers and the wider economy.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Independent auditors' report to the members of Bionical Solutions Group Limited (formerly Bionical Group Holdings Limited) (continued)**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

### **Responsibilities of Directors**

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

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

## **Independent auditors' report to the members of Bionical Solutions Group Limited (formerly Bionical Group Holdings Limited) (continued)**

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of the audit report**

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Alistair Wesson (Oct 15, 2020 12:47 GMT+1)

**Alistair Wesson** (Senior Statutory Auditor)

for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

Date: Oct 15, 2020

**Consolidated profit and loss account**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>2019</b> <b>£000</b>
<b>Turnover</b>	3	23,387
Cost of sales		(15,024)
		8,363
<b>Gross profit</b>		<b>8,363</b>
Administrative expenses		(8,930)
		(567)
<b>Operating profit</b>	4	<b>(567)</b>
Interest payable and similar expenses	7	(1,479)
		(2,046)
<b>Profit before taxation</b>		<b>(2,046)</b>
Tax on profit	8	110
		(1,936)
<b>Loss for the period</b>		<b>(1,936)</b>
 <i>Other comprehensive income</i>		
Foreign exchange gain on translation of foreign operations		10
		10
<b>Other comprehensive income for the period</b>		<b>10</b>
		(1,926)
<b>Total comprehensive income for the period</b>		<b>(1,926)</b>

**Consolidated balance sheet**  
*as at 31 December 2019*

	<i>Note</i>	<b>2019</b>	
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Intangible assets	9		99
Goodwill	9		6,663
			6,762
 Tangible assets	 10		 375
			7,137
<b>Current assets</b>			
Stocks	12	33	
Debtors: amounts falling due within one year	13	4,058	
Cash at bank and in hand	14	462	
		4,553	
 <b>Creditors:</b> amounts falling due within one year	 15	 (2,385)	
<b>Net current assets</b>			2,168
			9,305
<b>Total assets less current liabilities</b>			
 <b>Creditors:</b> amounts falling due after more than one year	 16		 (11,184)
 <b>Provisions for liabilities</b>			
Deferred tax liability	18		(46)
			(1,925)
<b>Net liabilities</b>			(1,925)
 <b>Capital and reserves</b>			
Called up share capital	19		1
Profit and loss account			(1,926)
			(1,925)
<b>Shareholders' deficit</b>			(1,925)

The financial statements were approved by the board of directors and were signed on its behalf by:



**AT Borkowski**  
*Director*

Date: Oct 15, 2020

Company registered number: 11662879

**Company balance sheet**  
*as at 31 December 2019*

	<i>Note</i>	<b>2019</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>				
Investments	11			4,443
<b>Current assets</b>				
Stocks	12			
Debtors: amounts falling due within one year	13		5,396	
<b>Creditors: amounts falling due within one year</b>				
	15		(10,234)	
<b>Net current assets</b>				
				(4,837)
<b>Total assets less current liabilities</b>				
				(394)
<b>Provisions for liabilities</b>				
Deferred tax liability	18			-
<b>Net assets</b>				
				(394)
<b>Capital and reserves</b>				
Called up share capital	19			1
Profit and loss account				(395)
<b>Shareholders' funds</b>				
				(394)

The Company has taken the exemption in Section 408 of the Companies Act 2006 to not separately disclose the parent company profit and loss account. The Company's loss for the period was £523,000.

The financial statements were approved by the board of directors and were signed on its behalf by:



**AT Borkowski**  
*Director*

Date: Oct 15, 2020

Company registered number: 11662879

## Consolidated statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 6 November 2018	-	-	-
<b>Comprehensive income for the period</b>			
Profit for the period	-	(1,935)	(1,935)
<i>Other comprehensive income</i>			
Foreign exchange differences on translation of foreign operations	-	8	8
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	-	(1,926)	(1,926)
	<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recorded directly in equity</b>			
Issue of shares	1	-	1
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>1</b>	<b>(1,926)</b>	<b>(1,925)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### Profit and loss account

The Profit and loss account represents cumulative profits of the group.

### Called up share capital

The called up share capital represents shares issued to shareholders of the group

## Company statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 6 November 2018	-	-	-
<b>Total comprehensive income for the 14 month period</b>			
Profit for the period	-	(395)	(395)
	<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recorded directly in equity</b>			
Issue of shares	1	-	1
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>1</b>	<b>(395)</b>	<b>(394)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### Profit and loss account

The Profit and loss account represents cumulative profits of the company.

### Called up share capital

The called up share capital represents shares issued to shareholders of the company

**Consolidated cash flow statement**  
*for the period ended 31 December 2019*

	<i>Note</i>	<b>2019</b> <b>£000</b>
<b>Cash flows from operating activities</b>		
Profit for the period		444
<i>Adjustments for:</i>		
Depreciation and amortisation	9, 10	(947)
Loss on disposal of tangible fixed assets		(54)
Interest payable and similar expenses	7	(1,479)
Taxation	8	110
		(1,926)
Depreciation and amortisation of tangible and intangible fixed assets	9, 10	947
Increase in trade and other debtors		(4,058)
Increase in trade and other creditors		2,385
		(726)
Tax paid		-
		(2,652)
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible and intangible fixed assets		54
Acquisition of tangible fixed assets		(604)
Acquisition of intangible fixed assets		(150)
Acquisition of good will		(7,382)
		(8,082)
<b>Cash flows from financing activities</b>		
Issue of loans		10,234
Issue of short term loans		950
Interest paid		1
		11,185
Net increase in cash and cash equivalents		452
Effect of exchange rate fluctuations on cash held		10
Cash and cash equivalents at the beginning of period	14	-
		462
<b>Cash and cash equivalents at the end of period</b>	14	462

## **Notes**

*(forming part of these financial statements)*

### **1 Accounting policies**

Bionical Solutions Group Limited (formerly Bionical Group Holdings Limited) (the “Company”) is a private company incorporated, domiciled and registered in England in the UK. The registered number is 11662879 and the registered address is The Piazza, Mercia Marina, Findern Lane, Willington, Derbyshire, DE65 6DW.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”)* as issued in March 2018. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included;
- Certain disclosures required by FRS 102.26 Share Based Payments; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

#### **1.1. Going concern**

The Group has cash at bank of £462,000, net current liabilities of £1,913,000 and net liabilities of £2,639,000 at 31 December 2019.

As set out in notes 2, 17 and 23, the Group is funded through loan notes due to a company under common control of the majority shareholder. These loan notes are only repayable on a sale or listing of the business, and hence are classified as due in more than one year, and the Directors do not expect these to be repayable in the 12 month period from the date of approval of these financial statements.

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic report on page 4. The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a 12 month period from the date of approval of these financial statements and such forecasts have indicated that sufficient funds should be available to enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

## Notes (continued)

### **1 Accounting policies (continued)**

#### **1.2. Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **1.3. Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

#### **1.4. Foreign currency**

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account, within interest receivable and interest payable.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

#### **1.5. Classification of financial instruments issued by the group**

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

## **Notes** (continued)

### **1 Accounting policies** (continued)

#### **1.6 Basic financial instruments**

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### **1.7 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Short-term leasehold property 10 years
- Plant, machinery, fixtures & fittings 3 - 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### **1.8 Business combinations**

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

## **Notes** (continued)

### **1 Accounting policies** (continued)

#### **1.9. Intangible assets and goodwill**

##### *Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Other intangible assets*

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

##### *Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- software 3 years
- customer relationships 3 - 5 years
- order book 2 years
- trade names 1 - 5 years

The basis for choosing these useful lives is based on an assessment of the individual intangible assets acquired.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be ten years.

The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

#### **1.10. Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

## **Notes** *(continued)*

### **1** **Accounting policies** *(continued)*

#### **1.11. Impairment excluding stocks and deferred tax assets**

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **Notes** (continued)

### **1 Accounting policies** (continued)

#### **1.12. Employee benefits**

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Share-based payment transactions*

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

#### **1.13. Turnover**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue includes the delivery of public health and lifestyle contracts, such as 'stop smoking' contracts. Revenue from the provision of this service is recognised when the amount of revenue and costs can be measured reliably and it is probable that the Group will receive the consideration due under the contract. The stage of completion is calculated using an output (time) basis. On certain contracts the amount of revenue receivable is dependent on outcomes determined in the contract, and performance against these outcomes are monitored on an on-going basis.

Revenue also includes the provision of software to pharmaceutical companies, including subsequent support, consumables and hosting. Revenue from the provision of the software is recognised when the risks and rewards of ownership of the software have transferred to the customer. Subsequent service revenues for support, consumables and hosting are recognised over the time period of the agreement.

Revenue also includes the provision of nursing teams and sales teams to customers. Revenue from these contracts is recognised when the amount of revenue and costs can be measured reliably and it is probable that the Company will receive the consideration due under the contract. The stage of completion is calculated using an output (time) basis.

#### **1.14. Expenses**

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest payable*

Interest payable are recognised in profit or loss as they accrue, using the effective interest method.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **1.15. Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## **Notes** *(continued)*

### **2 Accounting estimates and judgements**

#### *Significant management judgements and key sources of estimation uncertainty*

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### *Significant management judgements*

There are no management judgements in applying the accounting policies of the organisation that have had a significant effect on the amounts recognised in the financial statements.

#### *Key sources of estimation uncertainty*

##### **Revenue**

Included in the public health and lifestyle segment are certain contracts where consideration receivable is dependent on performance outcomes against key performance indicators set out in the contract. The directors monitor the performance of the contract against these indicators on an on-going basis, and at each reporting period assess the amount of consideration that is expected to be receivable.

**Notes** (continued)

**3 Operating segments**

Operating segments have been identified and reported upon consistent with the level at which results are regularly reviewed by the Group's Chief Operating Decision Maker ('CODM'). The CODM for the Group is the Bionical Solutions Group Limited (formerly Bionical Group Holdings Limited) Board of Directors. The performance of the segments are assessed on a non-GAAP measure being Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation). The Group is organised into business units based on product and service line.

2019	Group £000	Communications £000	Health Outcomes £000	Eliminations £000	Total £000
Revenue	959	19,822	3,868	(1,262)	23,387
Cost of sales	(60)	(13,790)	(2,415)	1,241	(15,024)
<b>Gross profit</b>	<b>899</b>	<b>6,032</b>	<b>1,453</b>	<b>(21)</b>	<b>8,363</b>
Administrative expenses (before adjusted items)	(2,436)	(4,982)	(533)	22	(7,929)
<b>Adjusted EBITDA</b>	<b>(1,537)</b>	<b>1,050</b>	<b>920</b>	<b>1</b>	<b>434</b>
Depreciation, amortisation, impairment					
Related party transactions	(908)	(39)	-	-	(947)
Non-underlying expenses					
Adjusted items	10	-	-	-	10
Profit on disposal of operations	-	(53)	(1)	-	(54)
<b>Operating loss</b>	<b>(2,435)</b>	<b>958</b>	<b>919</b>	<b>1</b>	<b>(557)</b>
Interest payable and similar expenses	(863)	(594)	-	-	(1,479)
<b>Loss before taxation</b>	<b>(3,320)</b>	<b>364</b>	<b>919</b>	<b>1</b>	<b>(2,036)</b>
Tax on loss	54	56	-	-	110
<b>Loss for the year</b>	<b>(3,266)</b>	<b>420</b>	<b>919</b>	<b>1</b>	<b>(1,926)</b>

*Geographic information*

	2019 £000
<i>Analysis of turnover by country of destination:</i>	
United Kingdom	7,207
United States of America	16,005
Europe	158
Rest of the world	17
	<b>23,387</b>

**Notes** (continued)

**4 Expenses and auditor's remuneration**

	<b>2019</b> <b>£000</b>
<i>Adjusted items in operating profit for the year</i>	
Depreciation of tangible fixed assets (note 10)	141
Amortisation of intangible assets (note 9)	48
Operating lease costs	261
	<b>2019</b> <b>£000</b>
<i>Auditor's remuneration:</i>	
Audit of these financial statements	25
Amounts receivable by the company's auditor and its associates in respect of:	
Taxation compliance services	3
Other tax advisory services	8
All other services	2

**5 Staff numbers and costs**

	<b>2019</b> <b>£000</b>
<i>Staff costs, including directors' remuneration, were as follows:</i>	
Wages and salaries	7,696
Social security costs	599
Cost of defined contribution scheme (note 20)	295
	8,590
	8,590

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2019</b> <b>Number</b>
Operations	177
Directors	3
	180
	180

**Notes** (continued)

**6 Directors' remuneration**

	2019 £000
Directors' emoluments	487
Company contributions to defined contribution pension schemes	53
	540
	540

The directors are also considered to be key management personnel.

During the year retirement benefits were accruing to 2 directors in respect of defined contribution pension schemes.

The aggregate of remuneration of the highest paid director was £229,000 and company contributions of £26,000 were made to a defined contribution pension scheme on their behalf.

On 1<sup>st</sup> January 2019 1,300 options were granted to the Directors of the Company at a price of £0.10 per share. There were no performance conditions attached, and the option expires after 10 years. Options can only be exercised on an Asset sale or a change of control. Please refer to note 20.

**7 Interest payable and similar expenses**

	2019 £000
Other loan interest payable to related parties (note 23)	1,089
Management charges	390
	1,479
	1,479

**8 Taxation**

**Total tax charge/(credit) recognised in the profit and loss account**

	2019 £000
<i>Corporation tax:</i>	
Current tax on loss for the year	(150)
Adjustment in respect of prior periods	(7)
	(157)
Total current tax	(157)
<i>Deferred tax:</i>	
Origination and reversal of timing differences (note 18)	121
Adjustment in respect of prior periods (note 18)	(74)
	47
Total deferred tax	47
<b>Total tax</b>	<b>(110)</b>

**Notes** *(continued)*

**8 Taxation** *(continued)*

**Reconciliation of effective tax rate**

The tax charge assessed for the year is £ [ ] than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	<b>2019</b>
	<b>£000</b>
Loss for the year	(1,935)
Total tax charge/(credit)	(110)
	<hr/>
Loss excluding taxation	(2,045)
	<hr/>
Tax using the UK corporation tax rate of 19%	(389)
Non-deductible expenses	57
Effect of tax rates in foreign jurisdictions	136
Current year losses for which no deferred tax asset was recognised	162
(Over)/under provided in prior years	(76)
	<hr/>
Total tax credit	(110)
	<hr/> <hr/>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015 and a further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The deferred tax asset at 31 December 2019 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

*Analysis of current tax recognised in profit and loss*

	<b>2019</b>
	<b>£000</b>
UK corporation tax	(53)
Foreign tax	(57)
	<hr/>
Total current tax recognised in profit and loss	(110)
	<hr/> <hr/>

**Notes** (continued)

**9 Intangible assets**

<b>Group</b>	<b>Software £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>
<i>Cost:</i>			
At 6 November 2018	-	-	-
Acquisitions through business combinations (note 25)	130	7,382	7,512
Additions	20		20
Disposals			
Effects of movement on foreign exchange	(1)	-	(1)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	149	7,382	7,531
	<hr/>	<hr/>	<hr/>
<i>Amortisation:</i>			
At 6 November 2018	-	-	-
Charge for the year	(50)	(719)	(769)
Disposals			
	<hr/>	<hr/>	<hr/>
At 31 December 2019	(50)	(719)	(769)
	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>			
<b>At 31 December 2019</b>	<b>99</b>	<b>6,663</b>	<b>6,762</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 6 November 2018	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The amortisation and impairment charge has been recognised in administrative expenses in the current year (see note 4).

**Notes** (continued)

**10 Tangible fixed assets**

<b>Group</b>	<b>Plant, machinery, fixtures and fittings £000</b>	<b>Total £000</b>
<i>Cost or valuation:</i>		
At 6 November 2018	-	-
Acquisitions through business combinations (note 25)	187	187
Additions	418	418
Disposals	(112)	(112)
	<hr/>	<hr/>
At 31 December 2019	492	492
	<hr/>	<hr/>
<i>Depreciation:</i>		
At 6 November 2018	-	-
Charge for the year	(177)	(177)
Disposals	60	60
	<hr/>	<hr/>
At 31 December 2019	(117)	(117)
	<hr/>	<hr/>
<i>Net book value:</i>		
<b>At 31 December 2019</b>	<b>375</b>	<b>375</b>
	<hr/> <hr/>	<hr/> <hr/>
At 6 November 2018	-	-
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**11 Fixed asset investments**

<b>Company</b>	<b>Shares in group undertakings £000</b>
<i>Cost:</i>	
At 6 November 2018	-
Additions	4,443
	4,443
At 31 December 2019	4,443
 <i>Provisions:</i>	
At 6 November 2018	-
Provided in year	-
	-
At 31 December 2019	-
 <i>Net book value:</i>	
<b>At 31 December 2019</b>	<b>4,443</b>
At 6 November 2018	-

**Subsidiary undertakings**

The following are subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Registered address</b>	<b>Class of shares</b>	<b>Holding 2019</b>	<b>Principal activity</b>
Bionical Inc	United States	(b)	Ordinary	100%	Holding company
Bionical LLC *	United States	(b)	Ordinary	100%	Healthcare related services
Bionical Solutions Limited	UK	(a)	Ordinary	100%	Healthcare related services
The Insight Lab Limited *	UK	(a)	Ordinary	100%	Dormant

\* - indirect subsidiary

(a) The Piazza, Mercia Marina, Findern Lane, Willington, Derbyshire, DE65 6DW

(b) 200 Route 31 North, Suite 200, Flemington, NJ 08822

**12 Stocks**

Finished goods	<b>Group 2019 £000</b>
	33

No write-down to net realisable value was recognised in cost of sales against stock during the current or prior year.

The cost of stock recognised as an expense in the year totalled £23,000.

**Notes** (continued)

**13 Debtors**

	<b>Group 2019 £000</b>	<b>Company 2019 £000</b>
Trade debtors	3,470	-
Amounts owed by group undertakings	-	5,394
Other debtors	27	1
Prepayments	561	1
	<b>4,058</b>	<b>5,396</b>
	<b>4,058</b>	<b>5,396</b>

Included within amounts owed by group undertakings is a loan of £4,098,000 due from Bionical Solutions INC and a loan of £1,296,000 due from Bionical Solutions Limited. Both loans are interest free and repayable on demand.

**14 Cash and cash equivalents**

	<b>Group 2019 £000</b>
Cash at bank and in hand	462
	<b>462</b>
	<b>462</b>

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

	<b>Group 2019 £000</b>
Trade creditors	(539)
Corporation tax	380
Taxation and social security	(400)
Other creditors	(1,752)
Accruals	(74)
	<b>(2,385)</b>
	<b>(2,385)</b>

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

	<b>Group 2019 £000</b>	<b>Company 2019 £000</b>
Loans (note 17)	(11,184)	(10,234)
	<b>(11,184)</b>	<b>(10,234)</b>
	<b>(11,184)</b>	<b>(10,234)</b>

**Notes** *(continued)*

**17 Interest-bearing loans and borrowings**

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	<b>Group 2019 £000</b>	<b>Company 2019 £000</b>
<b>Creditors falling due more than one year</b>		
Other loans	11,184	10,234
	<u>11,184</u>	<u>10,234</u>

*Terms and debt repayment schedule*

<b>Group and Company</b>	<b>Currency</b>	<b>Nominal interest rate</b>	<b>Year of maturity</b>	<b>2019 £000</b>
Short term loan (note 23)	GBP	18%	On demand	3
Other loan (note 23)	GBP	Higher of Bank of England Base Rate ('Base Rate') + 9.5% and 10%	On sale or listing	1,089
				<u>1,092</u>

The Group's other loans are payable to Fullbrook Thorpe Investments, an independent private equity fund under common ownership.

**18 Deferred tax assets and liabilities**

	<b>Group £000</b>
At beginning of the year	-
Charged to the profit and loss account (note 8)	46
	<u>46</u>
<b>At the end of the year</b>	<b>46</b>
	<u>46</u>
	<u>46</u>
	<u>46</u>
	<u>46</u>

The amount of deferred tax anticipated to reverse in the next year for the Group is £46,000.

**Notes** *(continued)*

**19 Capital and reserves**

**Shares classified as equity**

	<b>Ordinary shares</b>	<b>'A' ordinary shares</b>
	<b>2019</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
On issue at 6 November 2018 (10 shares of £0.10 each)	-	-
Issued for cash (7,790 shares of £0.10 each)	<b>1</b>	-
	<hr/>	<hr/>
On issue at 31 December 2019 – fully paid	<b>1</b>	-
	<hr/> <hr/>	<hr/> <hr/>
		<b>2019</b>
		<b>£000</b>
<i>Allotted, called up and fully paid:</i>		
7,800 ordinary shares of £0.10 each		<b>1</b>
		<hr/> <hr/>

All shares rank pari-passu.

*Foreign exchange reserve*

Includes translation differences arising from the translation of the financial statements of the Group's foreign operations into Sterling.

**20 Employee benefits**

*Defined contribution plan*

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £294,000.

**Notes** (continued)

**20 Employee benefits** (continued)

*Share based payments*

The Company has issued share options to senior management, which can only be exercised on the first of a sale, listing or takeover of the Group. The options expire in ten years. As none of these events are considered to be probable to take place in the foreseeable future, the estimate of the number of options expected to vest is nil.

The number and weighted average exercise prices of share options are as follows:

	<b>Weighted average exercise price 2019 £</b>	<b>Number of options 2019</b>
Outstanding at the beginning of the year	-	-
Granted during the year	<b>0.3</b>	<b>2,200</b>
	<hr/>	<hr/>
Outstanding at the end of the year	<b>0.3</b>	<b>2,200</b>
	<hr/> <hr/>	<hr/> <hr/>
Exercisable at the end of the year	<b>0.3</b>	<b>2,200</b>
	<hr/> <hr/>	<hr/> <hr/>

On the grounds of materiality, there has been no accounting entries in relation to share based payments.

**21 Financial instruments**

The carrying amounts of the financial assets and liabilities include:

	<b>Group 2019 £000</b>
Assets measured at amortised cost	<b>3,933</b>
Liabilities measured at amortised cost	<b>(13,285)</b>
	<hr/> <hr/>

**22 Operating leases**

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2019 £000</b>
Not later than one year	<b>249</b>
Later than one year and not later than five years	<b>620</b>
Later than five years	<b>65</b>
	<hr/>
	<b>935</b>
	<hr/> <hr/>

During the year £261,000 was recognised as an expense in the profit and loss account in respect of operating leases.

**Notes** (continued)

**23 Related party transactions**

The Company has taken advantage of the exemption contained in Section 33 of FRS 102 - "Related Party Disclosures" and therefore has not disclosed transactions or balances with wholly owned members of the Bionical Solutions group

Total compensation payable to key management personnel, who are considered to be the Director's, in the year amounted to £540,000.

The group has loans of £11,184,000 which are payable to Fullbrook Thorpe Investments, an independent private equity fund under common ownership. Interest has been paid in the year of £1,092,000

**24 Ultimate controlling party**

The ultimate controlling party is AD Leaver by virtue of his controlling interest in the share capital of the company. No other group financial statements include the results of the Company.

**25 Acquisitions of businesses**

***Bionical Solutions Limited and The Insight Lab Limited***

On 1 January 2019, the Group acquired all of the shares of Bionical Solutions Limited. The company provides digital and public health and lifestyle services.

*Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	Book values	Fair value adjustments	Recognised values on acquisition £000
<b>Acquiree's net assets at the acquisition date:</b>			
Tangible fixed assets (note 10)	342	-	342
Intangible assets (note 9)	129	-	129
Stocks	19	-	19
Trade and other debtors	2,608	-	2,608
Cash	-	-	-
Trade and other creditors	(3,205)	-	(3,205)
Deferred tax liabilities (note 18)	11	-	11
	(96)	-	(96)
	(96)	-	(96)
<b>Total cost of business combination:</b>			
Initial cash consideration relating to business combination			1,090
Costs directly attributable to the business combination			1,186
			1,186

The expected useful life of goodwill stemming from this acquisition is 10 years, as it is expected to continue to play a part in the business development for this period.

**Notes** (continued)

***Bionical Inc and Bionical LLC***

On 1 January 2019, the Group acquired all of the shares of Bionical Inc, and its direct subsidiary, Bionical LLC. The company provides digital and public health and lifestyle services.

*Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	Book values	Fair value adjustments	Recognised values on acquisition £000
<b>Acquiree's net assets at the acquisition date:</b>			
Tangible fixed assets (note 10)	109	-	109
Intangible assets (note 9)	-	-	-
Stocks	57	-	57
Trade and other debtors	2,508	-	2,508
Cash	-	-	-
Trade and other creditors	(9,250)	-	(9,250)
Deferred tax liabilities (note 18)	(284)	-	(284)
	(6,860)	-	(6,860)
	(6,860)	-	(6,860)
<b>Total cost of business combination:</b>			
Initial cash consideration relating to business combination			(267)
Costs directly attributable to the business combination			(267)
			(267)
Total consideration			(267)
			(267)
Goodwill (note 9)			6,593
			6,593

The expected useful life of goodwill stemming from this acquisition is 10 years, as it is expected to continue to play a part in the business development for this period.

**26 Post balance sheet events**

Since the Balance Sheet date, there has been a global outbreak of coronavirus (COVID-19). On 12 March, the World Health Organisation declared the outbreak of coronavirus (COVID-19) a pandemic.

Many countries, including the UK, have reacted to contain and delay the spread of the virus, which included extensive social distancing, business closures and travel bans. The directors considered the

financial impact of this pandemic and have concluded that the matter is a non-adjusting PBSE. Please refer to the Strategic Report on pages 4 to 6 for further information.