Bionical Solutions Group Limited

Annual report and consolidated financial statements

Registered number 11662879

31 December 2022

Contents

Company information

Directors	AT Borkowski G Davies H Miles
Registered number	11662879
Registered office	The Piazza Mercia Marina Findern Lane Willington Derbyshire DE65 6DW
Independent auditors	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 year ended 31 December 2022.

Principal activity

The Group’s principal activity is the provision of healthcare services. The companies within the Group provide healthcare service via the provision of clinical staff to support patients, provision of staff to support the commercialisation of clients products or the design and implementation of customised digital solutions to support clients products.

Payment of dividend in 2022

No dividend has been paid in 2022 *(2021: £780,000)*.

Directors

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

AT Borkowski
G Davies
H Miles

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 year 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 Company has in place indemnity insurance for Directors.

Directors' report *(continued)*

Statement by the Directors in performance of their statutory duties in accordance with Section 172 of the Companies Act 2006

The Directors of The Group consider, both individually and collectively, that they have acted to promote the success of the business considering the needs of customers, colleagues, members and other stakeholders and the Company's wider role in society. In doing so they have considered the following matters set out in s172 (1) (a) to (f) of the Companies Act 2006:

a) the likely consequences of any decision in the long term,
b) the interests of the Company's employees,
c) the need to foster the Company's business relationships with suppliers, customers, and others,
d) the impact of the Company's operations on the community and the environment,
e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
f) the need to act fairly as between members of the Company.

The Directors are mindful that the long-term success of the business is critically dependent on the way we work with a large number of notable stakeholders. It is important for all Directors to gain sufficient understanding of the issues relating to every stakeholder so that their views are considered in discussions.

The Directors continue to have regard to the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Group for its members in the long term. Whilst the importance of giving due consideration to our stakeholders is not new, we are explaining in more detail this year how the Board engages with our stakeholders, thus seeking to early adopt with the requirement to include a statement setting out how our Directors have discharged this duty.

- The Directors are fully aware of their responsibilities to promote the success of the Group in accordance with section 172 of the Companies Act 2006.
- This Board consulted with the Internal Leadership Team to reflect on how the Group engages with its stakeholders and opportunities for enhancement in the future.
- The Board regularly reviews our principal stakeholders and how we engage with them
- The Board continues to enhance its methods of engagement with the workforce. Semi-annually the Group conducts a "Make a Difference" survey to understand how employees are feeling
- We aim to work responsibly with our suppliers. During the year, the Senior Leadership team have conducted multiple strategy meetings to understand the suppliers' views on stakeholder management.
- The Board has overseen the implementation of measures to ensure that stakeholder interests are always taken into account.

The Board is focussed on having a positive impact on the healthcare community, industry and its environment. Whilst the Group's business is run for the benefit of our shareholders, it is committed to the wellness and safety of its employees, customers and patients, acting ethically, with integrity, and with consideration to the communities and environment in which it operates.

Energy and Carbon Reporting

The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the 2018 Regulations) implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). The regulation came into effect on 1st April 2019 and the Group is required to report the emissions and energy consumption for this year to 31st December 2022 to coincide with the financial reporting period.

Directors' report *(continued)*

Following the location based methodology 104,435 of kwh of scope 2 energy has been consumed in relations to its sole UK site, resulting in 24,348 kgCO2e. During the year no specific steps were taken to lower the energy consumption. Average emissions per employee for the year was 34.6kgCO2e and the Group aims to lower this where possible in future.

In addition under scope 3 energy consumption 5,329,213 of business miles performed in the year generated 1,202,270,481 kgCO2e has resulted from business travel. Average emissions per travelling employee for the year was 1,717,531 kgCO2e.

Disclosure of information to auditors

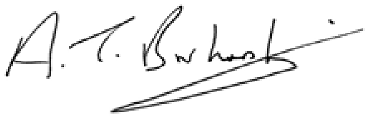
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make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

Auditor

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

The Piazza
Mercia Marina
Findern Lane
Willington
Derbyshire
DE65 6DW

Date: 28/07/2023

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 Company faces.

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

The Company'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, virtual & digital programmes as well as some clinical trial/study support;
- 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. The UK Digital team also designs, builds and tests digital solutions for its sister company in USA (Bionical LLC)

During Covid, the Company benefitted from a material one off contract which finished during 2021 which explains the reduction in activity in 2022. During 2022 some of the global headwinds affecting the UK economy have filtered into the performance of the largest contract as the cost of living crisis put pressure on the remuneration packages of some of our clinical staff. Additionally due to Covid restrictions still being in place for clinical staff, the Company suffered from reduced availability of staff to perform visits to patients which impacted aspects of our financial performance.

During 2022 the Company satisfactorily renegotiated its contracts to gain recompense for some of these costs and is expecting to grow its underlying trading performance dramatically over 2023.

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

	2022	**2021**
	£000	**£000**
Turnover	**36,479**	**42,075**
Gross margin	**11,118**	**12,513**
Operating Profit	**119**	**2,899**
Cash at bank and in hand	**1,743**	**2,751**
Net assets excluding loans falling due after more than one year	**2,415**	**3,962**

As we are a service organisation and people are key, we continued our strategic investment in the appointment of key personnel in the last 3 years, 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 further increased efficiency of overheads.

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 into 2023 and beyond.

The Group believes its strategic objectives to grow in its existing markets plus looking to diversify into adjacent markets will support the long-term strategic growth.

Strategic report *(continued)*

Principal risks and uncertainties

The Company'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 Company 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.

Cash flow risk

The directors monitor the cashflow forecast every month for the next calendar year. 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.

Additionally Finance produces a 13-week cashflow forecast to more closely monitor in-month movements. Any issues identified by this weekly forecast would be presented to the Board and would for a justification for any additional funding requests.

Impact of Coronavirus Pandemic

During the year the Company continued to be adversely affected by Covid as the restrictions relating to the ability of clinical staff to visit vulnerable patients continued. This had the effect of reducing the availability of our nursing and technicians to perform visits to patients which impacted the operational and financial performance on our largest contract.

During the year we renegotiated the contractual terms with our customer to reflect these issues as well as improve our internal processes to ensure the Company has improved visibility of staff availability as well as improved resilience in case of any issues.

Exposure to Credit and Liquidity risk

The Company monitors the risks posed by credit and liquidity regularly via monthly Board Meetings. This helps to ensure that adequate safeguards can be implemented should any risk become significant enough to warrant action. The Board pack includes forward projections on profitability and cashflow that would help inform whether there would be any potential credit or liquidity risk based on the Company's financial performance.

Exposure to Price risk

The majority of spend by the Company is labour related and so price risk os linked to the annual pay increase negotiations which is based on external evidence gained from HR and internal evidence provided by the Board.

For external suppliers, contracts are agreed by Directors. Any key material suppliers have more regular meetings with key stakeholders to ensure communication is optimal. This communication enables any price risk pressure to be mitigated by visibility of forward spend requirements.

Financial risk management

The directors monitor the cashflow forecast every month for the next 13 week period and the full calendar year. 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.

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.

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

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 Company'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 Group’s owners regarding future necessary cash flow injection requirements to support the growth in the business. The Board have received a cashflow forecast that has major sensitivities included which show that the Company can continue to meet its obligations.

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. The latest forecast for 2023 shows underlying profitability growing by nearly 35% year on year.

The Group has cash at bank of £ £1,743,000 (2021: £2,751,000), net current assets of £2,415,000 (2021: £3,962,000) and net liabilities of £3,220,000 (2021: £1,152,000) at 31 December 2022.

As set out in notes 17 and 24, 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 there remains uncertainty over the timing of the repayable period in the 12 months 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.

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

AT Borkowski
Director

Date: 28/07/2023

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

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 2022 which comprise the consolidated profit and loss account, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, 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 31 December 2022 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

Independent auditors' report to the members of Bionical Solutions Group Limited
(continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 3, 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
(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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

Independent auditors' report to the members of Bionical Solutions Group Limited
(continued)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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. 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.

A. Hickson

Andrew Hickson (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

07/08/2023

Consolidated profit and loss account
for the year ended 31 December 2022

	Note	**2022 £000**	**2021 £000**
Turnover	*3*	**36,479**	**42,075**
Cost of sales		**(25,361)**	**(29,562)**
Gross profit		**11,118**	**12,513**
Administrative expenses		**(10,999)**	**(9,614)**
Operating Profit	*4*	**119**	**2,899**
Interest payable and similar expenses	*7*	**(1,605)**	**(1,792)**
(Loss)/Profit before taxation		**(1,486)**	**1,108**
Tax on profit	*8*	**(582)**	**(462)**
Profit/(Loss) for the year		**(2,068)**	**646**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**(2,068)**	**646**

Consolidated balance sheet
as at 31 December 2022

	Note	**2022**		**2021**	
		£000	**£000**	**£000**	**£000**
Fixed assets					
Intangible assets	*9*		**452**		**321**
Goodwill	*9*		**4,487**		**5,168**
			4,939		**5,489**
Tangible assets	*10*		**389**		**656**
			5,328		**6,145**
Current assets					
Stocks	*12*	**28**		**40**	
Debtors: amounts falling due within one year	*13*	**8,803**		**10,604**	
Cash at bank and in hand	*14*	**1,743**		**2,751**	
		10,574		**13,395**	
Creditors: amounts falling due within one year	*15*	**(8,159)**		**(9,433)**	
Net current assets			**2,415**		**3,962**
Total assets less current liabilities			**7,743**		**10,107**
Creditors: amounts falling due after more than one year	*16*		**(11,184)**		**(11,184)**
Provisions for liabilities					
Deferred tax asset / (liability)	*18*		**221**		**(75)**
Net liabilities			**(3,220)**		**(1,152)**
Capital and reserves					
Called up share capital	*19*		**1**		**1**
Profit and loss account			**(3,221)**		**(1,153)**
Shareholders' deficit			**(3,220)**		**(1,152)**

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

AT Borkowski
Director

Company registered number: 11662879
Date: 28/07/2023

Company balance sheet
as at 31 December 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Investments	*11*		**4,634**		**4,634**
Current assets					
Debtors: amounts falling due within one year	*13*	**6,256**		**6,818**	
Cash at bank		**2**		**3**	
Creditors: amounts falling due within one year		**-**		**(34)**	
Net current assets			**6,258**		**6,787**
Total assets less current liabilities			**10,892**		**11,421**
Creditors: amounts falling due after one year	*16*		**(11,184)**		**(11,184)**
Provisions for liabilities					
Deferred tax asset / (liability)	*18*		**74**		**(75)**
Net (Liabilities)/Assets			**(218)**		**237**
Capital and reserves					
Called up share capital			**1**		**1**
Profit and loss account	*19*		**(219)**		**236**
Shareholders' funds			**(218)**		**237**

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 year was £563,000 (2021: Profit £2,316,000)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

AT Borkowski
Director

Company registered number : 11662879
Date: 28/07/2023

Consolidated statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 31 December 2021	**1**	**(1,153)**	**(1,152)**
Comprehensive income for the year			
Loss for the year	-	(2,068)	(2,068)
At 31 December 2022	1	(3,221)	(3,220)

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 31 December 2020	1	(1,019)	(1,018)
Comprehensive income for the year			
Profit for the year	-	646	646
Total comprehensive income for the year	-	(373)	(373)
Dividend paid		(780)	(780)
At 31 December 2021	**1**	**(1,153)**	**(1,152)**

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 31 December 2021	**1**	**236**	**237**
Total comprehensive income for the year			
Profit for the year		(455)	(455)
Transactions with owners, recorded directly in equity			
Dividend paid		-	-
At 31 December 2022	1	(219)	(218)

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 31 December 2020	1	(1,300)	(1,299)
Total comprehensive income for the year			
Profit for the year	-	2,316	2,316
Transactions with owners, recorded directly in equity			
Dividends paid		(780)	(780)
At 31 December 2021	**1**	**236**	**237**

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 year ended 31 December 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
EBITDA for the year		**1,280**	**4,018**
Adjustments for:			
Depreciation and amortisation of tangible and intangible fixed assets	*9, 10*	**(1,161)**	**(1,118)**
Interest payable and similar expenses	*7*	**(1,605)**	**(1,792)**
Taxation charge	*8*	**(582)**	**(462)**
Profit for year		**(2,068)**	**646**
Depreciation and amortisation of tangible and intangible fixed assets		**1,161**	**1,118**
Interest payable and similar expenses		**1,605**	**1,792**
Taxation charge		**582**	**462**
Decrease (Increase) in stock and inventories		**11**	**(3)**
Decrease (Increase) in trade and other debtors		**1,059**	**2,569**
Increase/(Decrease) in trade and other creditors		**(510)**	**1,482**
		3,908	**7,420**
Tax (paid)/ received		**(900)**	**(671)**
Net cash from operating activities		**940**	**7,395**
Cash flows from investing activities			
Proceeds from sale of tangible and intangible fixed assets		**-**	**-**
Acquisition of tangible fixed assets		**(114)**	**(290)**
Acquisition of intangible fixed assets		**(212)**	**(296)**
Acquisition of goodwill		**-**	**-**
Net cash from investing activities		**(326)**	**(586)**
Cash flows from financing activities			
Repayment of short term loan			**(3,700)**
Issue of short term loans		**-**	**-**
Dividends paid		**-**	**(780)**
Interest paid		**(1,605)**	**(1,792)**
Net cash from financing activities		**(1,605)**	**(6,272)**
Net increase in cash and cash equivalents		**(991)**	**537**
Effect of exchange rate fluctuations on cash held		**(17)**	**47**
Cash and cash equivalents at the beginning of year	*14*	**2,751**	**2,167**
Cash and cash equivalents at the end of year	*14*	**1,743**	**2,751**

Notes
(forming part of these financial statements)

1 Accounting policies

Bionical Solutions Group 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 year 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'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 5. 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.

The Group has cash at bank of £1,743,000 (2021: £2,751,000), net current assets of £2,597,000 (2021: £3,962,000) and net liabilities of £3,334,000 (2021: £1,1528,000) at 31 December 2022.

As set out in notes 17 and 24, 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 there remains uncertainty over the timing of the repayable period in the 12 months from the date of approval of these financial statements.

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 2022. 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 year 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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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 Recognition

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)*

Useful economic life of goodwill

Determining the useful life of intangible assets requires judgement. Management regularly reviews these useful lives and changes them, if necessary, to reflect current conditions. Changes in useful lives can have a significant impact on the amortisation charged for the year.

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 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.

2022	**Group £000**	**Communications £000**	**Health Outcomes £000**	**Eliminations £000**	**Total £000**
Revenue	-	18,112	19,477	(1,110)	**36,479**
Cost of sales	-	(9,712)	(16,759)	1,110	**(25,361)**
Gross profit		**8,400**	**2,718**	**(-)**	**11,118**
Administrative expenses (before adjusted items)	(6,264)	(2,836)	(738)	-	**(9,838)**
Adjusted EBITDA	**(6,264)**	**5,564**	**1,980**	**(-)**	**1,280**
Depreciation, amortisation, impairment Related party transactions Non-underlying expenses	(1,161)	-	-		**(1,161)**
Adjusted items	-	-	-	-	-
Profit on disposal of operations	-	-	-	-	-
Operating profit	**(7,425)**	**5,564**	**1,980**	**(-)**	**119**
Interest payable and similar expenses	(1,605)		-	-	**(1,605)**
Profit before taxation	**(9,030)**	**5,564**	**1,980**	**(-)**	**(1,486)**
Tax on profit	(582)		-	-	**(582)**
Profit for the year	**(9,612)**	**5,564**	**1,980**	**(-)**	**(2,068)**

Notes *(continued)*

3 Operating segments *(continued)*

2021	Group £000	Communications £000	Health Outcomes £000	Eliminations £000	Total £000
Revenue	-	14,851	27,867	(643)	**42,075**
Cost of sales	-	(8,559)	(21,023)	20	**(29,562)**
Gross profit		**6,292**	**6,844**	**(623)**	**12,513**
Administrative expenses (before adjusted items)	(8,496)	-	-	-	**(8,496)**
Adjusted EBITDA	**(8,496)**	**6,292**	**6,844**	**(623)**	**4,017**
Depreciation, amortisation, impairment Related party transactions Non-underlying expenses	(1,118)	-	-		**(1,118)**
Adjusted items	-	-	-	-	-
Profit on disposal of operations	-	-	-	-	-
Operating profit	**(9,614)**	**6,292**	**6,844**	**(623)**	**2,899**
Interest payable and similar expenses	(1,792)		-	-	**(1,792)**
Profit before taxation	**(11,406)**	**-**	**-**	**-**	**1,108**
Tax on profit	(462)		-	-	**(462)**
Profit for the year	**(11,868)**	**6,292**	**6,844**	**(623)**	**646**

Geographic information

	2022 £000	2021 £000
Analysis of turnover by country of destination:		
United Kingdom	**24,530**	**32,215**
United States of America	**10,705**	**9,716**
Europe	**1,244**	**141**
Rest of the world	**-**	**3**
	36,479	**42,075**

Notes *(continued)*

4 Expenses and auditor's remuneration

	2022 £000	2021 £000
Adjusted items in operating profit for the year		
Depreciation of tangible fixed assets (note 10)	**405**	**364**
Amortisation of intangible assets (note 9)	**756**	**754**
Operating lease costs	**290**	**274**

	2022 £000	2021 £000
Auditor's remuneration:		
Audit of these financial statements	**40**	**33**
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	**5**	**5**
Other tax advisory services	**3**	**3**
All other services	**-**	**22**

5 Staff numbers and costs

	2022 £000	2021 £000
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	**20,570**	**21,361**
Social security costs	**2,039**	**2,177**
Cost of defined contribution scheme (note 20)	**565**	**615**
	23,175	**24,153**

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

	2022 Number	2021 Number
Operations	**701**	**700**
Directors	**3**	**3**
	704	**703**

Notes *(continued)*

6 Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	**1,525**	**1,317**
Company contributions to defined contribution pension schemes	**68**	**68**
	1,593	**1,385**

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 £612,000 (2021: £548,000) and company contributions of £34,000 (2021; £34,000) were made to a defined contribution pension scheme on their behalf.

7 Interest payable and similar expenses

	2022 £000	2021 £000
Other loan interest payable to related parties (note 23)	**1,239**	**1,484**
Management charges from related party	**366**	**308**
	1,605	**1,792**

8 Taxation

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

	2022 £000	2021 £000
Corporation tax:		
Current tax on loss for the year	**912**	**505**
Adjustment in respect of prior years	**(34)**	**(46)**
Total current tax	**878**	**459**
Deferred tax:		
Origination and reversal of timing differences (note 18)	**-**	**27**
Adjustment in respect of prior years (note 18)	**(296)**	**(24)**
Total deferred tax	**(296)**	**3**
Total tax	**582**	**462**

Notes *(continued)*

8 Taxation *(continued)*

Reconciliation of effective tax rate

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

	2022 £000	2021 £000
Profit/(Loss) for the year	**(2,068)**	**646**
Total tax charge/(credit)	**582**	**462**
Profit/(Loss) excluding taxation	**(1,486)**	**1,108**
Tax using the UK corporation tax rate of 19%	**(421)**	**178**
Non-deductible expenses	**51**	**211**
Effect of tax rates in foreign jurisdictions	**1,004**	**124**
Current year losses for which no deferred tax asset was recognised	**(18)**	**-**
(Over)/under provided in prior years	**(34)**	**(51)**
Total tax charge/(credit)	**582**	**462**

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25% for companies with taxable profits over £ 250,000

Analysis of current tax recognised in profit and loss

	2022 £000	2021 £000
UK corporation tax	**(422)**	**338**
Foreign tax	**1,004**	**124**
Total current tax recognised in profit and loss	**582**	**462**

Notes *(continued)*

9 Intangible assets

Group	Assets under construction	Software £000	Goodwill £000	Total £000
Cost:				
At 31 December 2021	296	139	7,382	7,817
Additions	209	3	-	212
Transfers from Assets under Construction	(296)	296		-
Effects of movement on foreign exchange	-	(6)	-	(7)
At 31 December 2022	209	432	7,382	8,022
Amortisation:				
At 31 December 2021	-	(114)	(2,214)	(2,328)
Charge for the year	-	(75)	(681)	(756)
At 31 December 2022	-	(189)	(2,895)	(3,084)
Net book value:				
At 31 December 2022	**209**	**243**	**4,487**	**4,939**
At 31 December 2021	296	25	5,168	5,489

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

Notes *(continued)*

10 Tangible fixed assets

Group	**Plant, machinery, fixtures and fittings £000**	**Total £000**
Cost or valuation:		
At 31 December 2021	**1,390**	**1,390**
Additions	114	114
Disposals	(24)	(24)
Effects of movement on foreign exchange	24	24
At 31 December 2022	1,504	1,504
Depreciation:		
At 31 December 2021	**(734)**	**(734)**
Charge for the year	(405)	(405)
Disposals	24	24
At 31 December 2022	(1,115)	(1,115)
Net book value:		
At 31 December 2022	**389**	**387**
At 31 December 2021	656	656

Notes *(continued)*

11 Fixed asset investments

Company	Shares in group undertakings £000
Original Cost & Net book value:	
At 31 December 2021	4,634
At 31 December 2022	**4,634**

Subsidiary undertakings

The following are subsidiary undertakings of the Company:

Name	Country of incorporation	Registered address	Class of shares	Holding 2022	Principal activity
Bionical Inc	United States	(b)	Ordinary	**100%**	Holding company
Bionical Solutions Limited	UK	(a)	Ordinary	**100%**	Healthcare related services

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

(b) 390 Amwell Road Suite 507, Hillsborough, NJ 08844

12 Stocks

	2022 £000	2021 £000
Finished goods	**29**	**40**

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

Notes *(continued)*

13 Debtors

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade debtors	6,347	8,576	-	-
Amounts owed by group undertakings	-	-	6,255	6,818
Other debtors	167	686	1	-
Prepayments & accrued income	2,267	1,342	-	-
Corporation tax recoverable	22	-	-	-
	8,803	10,604	6,256	6,818

Included within amounts owed by group undertakings is a loan of £ 6,255,000 (2021: £ 6,818,000) which is interest free and repayable on demand.

14 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Cash at bank and in hand	1,743	2,751	2	3

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

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	(636)	(818)	-	-
Corporation tax	-	-	-	(34)
Taxation and social security	(934)	(1,036)	-	-
Other creditors	(959)	(5,260)	-	-
Accruals and deferred income	(5,630)	(2,319)	-	-
Related party loan	-	-	-	-
	(8,159)	(9,433)	-	(34)

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

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Loans (note 17)	(11,184)	(11,184)	(11,184)	(11,184)
	(11,184)	(11,184)	(11,184)	(11,184)

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.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
Creditors falling due more than one year				
Long term loans from related party	**11,184**	**11,184**	**11,184**	**11,184**

Terms and debt repayment schedule

Group and Company	Currency	Nominal interest rate	Year of maturity	2022	2021 £000
Long term loan from related party (note 24)	GBP	Higher of Bank of England Base Rate ('Base Rate') + 9.5% and 10%	On sale or listing	11,184	11,184

The Group's loans are payable to Fullbrook Thorpe Investments, an independent private equity fund under common ownership. No security is provided on these loans.

Loans are repayable on a sale or listing of the business and timing for this is not known with any certainty.

18 Deferred tax (assets) and liabilities

	Group £000	Company £000
At beginning of the year	75	75
Charged to the profit and loss account (note 8)	(296)	(149)
At the end of the year	(221)	(74)

	Group	Company
	£000	**£000**
Accelerated capital allowances	**(221)**	**(74)**
	(221)	**(74)**

The amount of deferred tax anticipated to reverse in the next year for the Group is (£221,000).

The amount of deferred tax anticipated to reverse in the next year for the Company is £Nil.

Notes *(continued)*

19 Capital and reserves

Shares classified as equity

	Ordinary shares 2022 £000
On issue at 31 December 2021 (10 shares of £0.10 each)	**1**
	-
On issue at 31 December 2022 – fully paid	**1**

	2022 £000	**2021 £000**
Allotted, called up and fully paid:		
7,800 ordinary shares of £0.10 each	**1**	**1**

All shares rank pari-passu.

20 Employee benefits

Defined contribution plan

The Group operates a defined contributions 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 £565,000 *(2021: £530,000)*. Contributions totalling £109,000 *(2021: £108,000)* were payable to the fund at the year end and are included in creditors.

Notes *(continued)*

20 Employee benefits *(continued)*

Share based payments

The Company issued share options to senior management in 2019, 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:

	Weighted average exercise price 2022 £	**Number of options 2022**
Outstanding at the beginning of the year	**0.3**	**2,200**
Granted during the year	**-**	**-**
Outstanding at the end of the year	**0.3**	**2,200**
Exercisable at the end of the year	**0.3**	**2,200**

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

21 Financial instruments

There are no assets or liabilities measured at fair value, all assets and liabilities are measured at amortised cost.

22 Operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £000	**Company 2022 £000**
Not later than one year	259	183
Later than one year and not later than five years	701	464
Later than five years	-	-
	960	647

	Group 2021 £000	**Company 2021 £000**
Not later than one year	252	252
Later than one year and not later than five years	385	385
Later than five years	-	-
	637	637

During the year £290,000 (2021; £274,000) 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 Directors, in the year amounted to £1,333,000 (2021; £913,000)

The Group has loans of £11,184,000 (202; £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 £1,239,000 (2021: £1,484,000)

The Company had loans of £11,184,000 (2021; £11,184,000) payable to Fullbrook Thorpe Investments, an independent private equity fund under common ownership).

EMAS Pharma Limited is an entity in which AD Leaver has a controlling interest. During the year, Bionical Solutions Limited made sales of £831,000 (2021: £1,385,000) to the related party, with a debtor balance of £65,000 (2021: £832,000) outstanding at year end. Bionical Solutions Limited also made purchases of £188,000 (2021: £228,000) from the related party, with a creditor balance of £21,000 (2021: £37,000) outstanding at year end.

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.