Company Registration No. 06475379 (England and Wales)

Abingdon Health PLC

(Formerly Abingdon Health Ltd)

Annual Report and Financial Statements

For the Year Ended 30 June 2020

15.3.21

Abingdon Health PLC

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Company Information

Directors	Mr M Duckworth (Resigned 11 December 2020) Dr C Hand Mr C Yates Mr R Marlow (Resigned 20 December 2019) Mr S Page (Appointed 20 December 2019 & resigned 26 January 2021) Mr L Rees (Appointed 22 June 2020) Mrs M Tavener (Appointed 26 October 2020) Mrs M Ross (Appointed 26 January 2021)
Secretary	Mr R Marlow (Resigned 11 September 2019) Mr S Page (Appointed 11 September 2019)
Company number	06475379
Registered Office	York Biotech Campus Sand Hutton York YO41 1LZ
Auditors	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

Directors' Report for the Year Ended 30 June 2020

The Directors present their annual report and financial statements for the year ended 30 June 2020.

Principal activities
The Group's principal activity continued to be to develop, manufacture and distribute diagnostic devices and provide consultancy services to businesses in the diagnostics sector.

The Group has taken advantage of the exceptions set out in Section 414(b) of the Companies Act 2006 which permit it to not prepare a Strategic Report, on the grounds that it qualifies as a small group.

Status as a PLC
The Company was registered as a private limited company throughout the reporting period of these financial statements, but was re-registered as a public limited company on 30 October 2020 as detailed on page 4. This report, and the financial statements as a whole, are prepared in compliance with the Companies Act 2006 as applicable to private limited companies on the grounds that the re-registration took place subsequent to the reporting year end.

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

Mr M Duckworth (Resigned 11 December 2020)
Dr C Hand
Mr R Marlow (Resigned 20 December 2019)
Mr C Yates
Mr S Page (Appointed 20 December 2019 and resigned 26 January 2021)
Mr L Rees (Appointed 22 June 2020)
Mrs M Tavener (Appointed 26 October 2020)
Mrs M Ross (Appointed 26 January 2021)

Results and dividends
The results for the year are set out on pages 9 to 52. The Directors do not recommend payment of a dividend (2019: £Nil)

Going concern
The Directors' consideration of going concern is given in full in note 1.3.

Principal risks
Market & liquidity risk
This is covered in the going concern section above and in note 21. The critical challenge facing the Company is growing revenue profitably alongside a rapid increase of manufacturing capacity. This risk is regularly monitored by the Board and operational management.

Capital risk
In the medium term the Company may look to raise capital to accelerate growth but there are no plans to do so at present. The Company has created a number of new convertible loan notes in the year, as disclosed in note 19.

Credit risk
The Group typically has cash resources which are held at bank/banks with high credit ratings. Customer credit is closely monitored. This risk is considered in note 21.

Technology risk
The Group's business faces intense competition from fellow diagnostic companies. Technological changes could overtake the products being developed by the Group, or the Group may incur substantial costs as a result of disputes with a third party relating to the infringement of IP. This is managed by an experienced senior management team with support from external consultants and advisors where appropriate.

Directors' Report for the Year Ended 30 June 2020 (continued)

Operational risk
The quality of developments and manufactured products are critical to the success of the business. This risk is managed through the application of a stringent Quality Management System, investing in new equipment, servicing existing equipment and employing a skilled and well-trained work force.

Events after the reporting date
On 15 July 2020 the Company granted 1,065,000 new share options to its employees via an Enterprise Management Scheme. The only vesting conditions of the options are that there is an eventual sale, floatation, or other exit transaction of the Company.

On 13 October 2020 the Group undertook a capital reduction, which was approved by the Court. This will result in a reduction of £13,145,190 in the Group's share premium account and a corresponding increase of the same in the Group's retained profits. There is no overall impact on net assets from this transaction.

On 22 October 2020 the Group undertook a 3 for 1 bonus issue of shares for all existing shareholders with 45,969,828 new shares of £0.001 being issued and £45,970 transferred from share premium into share capital. Immediately after the bonus issue the shares were redesignated as deferred shares which carry no voting rights.

On 30 October 2020 the Company completed a resolution under S92 Companies Act 2006 to change its legal status from a private limited company to a public limited company.

On 5 November 2020 the Company granted 80,000 new non-employee share options to certain Directors via an unapproved share scheme. The only vesting conditions of the options are that the Company achieves an IPO.

On 15 December 2020 the Company announced the admission of its entire issued and to be issued ordinary share capital to trading on the AIM market of the London Stock Exchange. The Company raised £22 million (before expenses) by way of a placing of 22,916,666 ordinary shares of 0.025 pence each. There were various steps taken in advance of the IPO including the exercise of options and loan note conversion. These are detailed in Note 29.

Auditor
In accordance with the Company's Articles and Section 491 Companies Act 2006, a resolution proposing that BDO LLP be reappointed as auditor of the Company will be put at the General Meeting in which these financial statements are presented.

Statement of disclosure to auditor
So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

Mrs M Ross
Director
Date: 8 March 2021

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual 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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Website publication

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

Independent Auditor's Report to members of Abingdon Health PLC

Opinion
We have audited the financial statements of Abingdon Health PLC ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 30 June 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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
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 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.

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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to members of Abingdon Health PLC (continued)

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, 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.

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 at the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to members of Abingdon Health PLC (continued)

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds, UK
8 March 2021
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Abingdon Health PLC

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2020

	Notes	Year ended 30 June 2020 £	Year ended 30 June 2019 As restated £
Revenue	**3**	5,235,060	2,277,293
Cost of sales		(808,941)	(705,383)
Gross profit		4,426,119	1,571,910
Administrative expenses		(7,863,023)	(3,022,693)
Other income	**4**	124,863	55,352
Operating loss	**5**	(3,312,041)	(1,395,431)
Finance income	**8**	1,621	3,476
Finance costs	**9**	(64,349)	(22,430)
Loss before taxation		(3,374,769)	(1,414,385)
Taxation credit	**10**	1,135	154,308
Loss for the financial period		(3,373,634)	(1,260,077)
Other comprehensive income for the year net of tax		-	-
Total comprehensive loss for the year		(3,373,634)	(1,260,077)
Attributable to:			
Equity holders of the parent		(3,373,634)	(1,260,077)

The notes on pages 16 to 52 form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2020

	Notes	30 June 2020 £	30 June 2019 As restated £
Non-current assets			
Goodwill	**12**	763,143	3,742,411
Other intangible assets	**12**	15,732	779,512
Property, plant and equipment	**13**	3,005,792	552,308
Deferred tax asset	**22**	-	14,944
		3,784,677	5,089,175
Current assets			
Inventories	**16**	779,346	406,414
Trade and other receivables	**17**	1,874,753	759,936
Income tax debtor		140,940	206,591
Cash and cash equivalents		4,388,241	866,152
		7,183,280	2,239,093
Total assets		10,967,947	7,328,268
Current payables			
Trade and other payables	**18**	3,447,101	724,896
Borrowings	**19**	3,317,580	13,000
Obligations under leases	**20**	221,278	106,639
		6,985,959	844,535
Non-current liabilities			
Borrowings	**19**	229,167	-
Obligations under leases	**20**	1,003,441	396,981
		1,232,608	396,981
Total liabilities		8,218,567	1,241,516
Net assets		2,749,380	6,086,752
Equity			
Attributable to the owners of the parent:			
Share capital	**24**	15,323	15,323
Share premium account		13,195,190	13,195,190
Share based payment reserve	**25**	69,941	33,679
Retained earnings		(10,531,074)	(7,157,440)
Total equity		2,749,380	6,086,752

The notes on pages 16 to 52 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 8 March 2021 and are signed on its behalf by:

Mrs M Ross
Director
Company Registration No. 06475379

Company Statement of Financial Position
As at 30 June 2020

	Notes		30 June 2020		30 June 2019 As restated
		£	£	£	£
Non-current assets					
Goodwill	**12**		-		-
Other intangible assets	**12**		13,034		6,569
Property, plant and equipment	**13**		1,844,774		469,043
Investment in subsidiaries	**14**		418,638		418,638
Investment in associates	**14**		-		-
Deferred tax asset	**22**		-		14,944
			2,276,446		909,194
Current assets					
Trade and other receivables falling due within one year	**17**	4,001,613		1,930,670	
Income tax debtor		32,990		-	
Cash at bank and in hand		3,745,942		420,864	
		7,780,545		2,351,534	
Current liabilities					
Trade and other payables	**18**	2,291,287		208,821	
Borrowings	**19**	3,304,580		-	
Obligations under leases	**20**	221,278		102,938	
Current tax liabilities		-		-	
			5,817,145		311,759
Net current assets			1,963,400		2,039,775
Total assets less current liabilities			4,239,846		2,948,969
Non-current liabilities					
Other payables			229,167		-
Obligations under finance leases	**20**		1,003,441		390,755
Net assets			3,007,238		2,558,214
Equity					
Share capital	**24**		15,323		15,323
Share premium account			13,195,190		13,195,190
Share based payment reserve	**25**		69,941		33,679
Retained earnings			(10,273,216)		(10,685,978)
Total equity			3,007,238		2,558,214

The Company's profit after taxation for the year was £412,762 (2019 loss: £924,520).

The notes on pages 16 to 52 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 8 March 2021 and are signed on its behalf by:

Mrs M Ross
Director
Company Registration No. 06475379

Abingdon Health PLC

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2020

	Share Capital	Share premium account	Share based payment reserve	Retained earnings	Total equity attributable to owners of the parent
	£	£	£	£	£
Balance at 1 July 2018 (as previously reported)	11,407	11,699,106	-	(5,843,542)	5,866,971
Effect of transition to IFRS 16	-	-	-	(53,821)	(53,821)
Revised as at 1 July 2018	11,407	11,699,106	-	(5,897,363)	5,813,150
Year ended 30 June 2019:					
Profit and loss	-	-	-	(1,260,077)	(1,260,077)
Total comprehensive loss for the year	-	-	-	(1,260,077)	(1,260,077)
Issue of share capital	3,916	1,496,084	-	-	1,500,000
Share option expenses	-	-	33,679	-	33,679
Balance at 30 June 2019	15,323	13,195,190	33,679	(7,157,440)	6,086,752
Year ended 30 June 2020:					
Profit and loss	-	-	-	(3,373,634)	(3,373,634)
Total comprehensive loss for the year	-	-	-	(3,373,634)	(3,373,634)
Share option expenses	-	-	36,262	-	36,262
Balance at 30 June 2020	15,323	13,195,190	69,941	(10,531,074)	2,749,380

The notes on pages 16 to 52 form part of these financial statements.

Abingdon Health PLC

Company Statement of Changes in Equity
For the Year Ended 30 June 2020

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total
	£	£	£	£	£
Balance at 1 July 2018 (as previously reported)	11,407	11,699,106	-	(9,707,637)	2,002,875
Effect of transition to IFRS 16	-	-	-	(53,821)	(53,821)
Revised as at 1 July 2018	11,407	11,699,106	-	(9,761,458)	1,949,054
Year ended 30 June 2019:					
Profit and loss	-	-	-	(924,520)	(924,520)
Total comprehensive loss for the year	-	-	-	(924,520)	(924,520)
Issue of share capital	3,916	1,496,084	-	-	1,500,000
Share option expenses	-	-	33,679	-	33,679
Balance at 30 June 2019	15,323	13,195,190	33,679	(10,685,978)	2,558,214
Year ended 30 June 2020:					
Profit and loss	-	-	-	412,762	412,762
Total comprehensive loss for the year	-	-	-	412,762	412,762
Share option expenses	-	-	36,262	-	36,262
Balance at 30 June 2020	15,323	13,195,190	69,941	(10,273,216)	3,007,238

The notes on pages 16 to 52 form part of these financial statements.

Abingdon Health PLC

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2020

	Notes	30 June 2020 £	30 June 2019 £
Cash flows from operating activities:			
(Loss) for the year		(3,373,634)	(1,260,077)
Adjustments for:			
Other income	**4**	(124,863)	(55,352)
Net finance costs		62,728	18,954
Tax credit		(1,135)	(154,308)
Amortisation and impairment of intangible assets	**12**	3,897,989	139,144
Share based payments		36,262	33,679
Depreciation of property, plant and equipment	**13**	222,314	150,003
(Profit)/ loss on disposal of property, plant and equipment	**13**	-	(13,500)
Changes in working capital:			
(Increase) in inventories	**16**	(372,932)	(17,248)
(Increase) in trade and other receivables	**17**	(1,114,817)	(460,291)
Increase in trade and other payables	**18**	2,689,867	198,393
Cash from / (used in) operations		1,921,779	(1,420,603)
Interest paid	**9**	(33,102)	(22,430)
Income taxes received		206,589	534,779
Net cash inflow/(outflow) from operating activities		2,095,266	(908,254)
Interest received	**8**	1,621	3,476
Purchase of intangible assets	**12**	(9,612)	(57,336)
Purchase of property, plant and equipment	**13**	(1,650,452)	(38,881)
Proceeds on disposal of property, plant and equipment		-	13,500
Business combinations, net of cash received	**15**	(175,000)	-
Payment of deferred consideration	**15**	(105,000)	-
Net cash used in investing activities		(1,938,443)	(79,241)

The notes on pages 16 to 52 form part of these financial statements.

Abingdon Health PLC

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2020

	Notes	30 June 2020 £	30 June 2019 £
Financing activities			
Proceeds from issue of own shares		-	1,500,000
Proceeds from new bank loans and borrowings	**19**	250,000	-
Payment of lease obligations	**20**	(137,234)	(123,262)
Proceeds from issue of loan notes	**19**	3,252,500	-
Net cash generated from financing		3,365,266	1,376,738
Net increase in cash and cash equivalents		3,522,089	389,243
Cash and cash equivalents at beginning of the year		866,152	476,909
Cash and cash equivalents at end of the year		4,388,241	866,152

The notes on pages 16 to 52 form part of these financial statements.

Abingdon Health PLC

Note to the Cash Flow Statement

		1 July 2018	Cashflows	Non-cash movements: New leases	Non-cash movements: Accrued interest	30 June 2019
Short term borrowings	**19**	13,000	-	-	-	13,000
Lease liabilities	**20**	570,429	(123,262)	56,453	-	503,620
Long-term debt		583,429	(123,262)	56,453	-	516,620

		1 July 2019	Cashflows	New leases	Accrued interest	30 June 2020
Short term borrowings	**19**	13,000	3,273,333	-	31,247	3,317,580
Long term borrowings	**19**	-	229,167	-	-	229,167
Lease liabilities	**20**	503,620	(137,234)	858,333	-	1,224,719
Long-term debt		516,620	3,365,266	858,333	31,247	4,771,466

The inception of new lease contracts with value £435,829 (2019 - £56,453) was a major non-cash transaction in the year. In addition, during 2020 new leases were recognised with a value of £422,504 as a result of the business combination described in note 15.

Notes to the Financial Statements
For the Year Ended 30 June 2020

1. Accounting policies

Company information
Abingdon Health PLC ("the Company") is a public limited company domiciled and incorporated in England and Wales. The registered office is York Biotech Campus, Sand Hutton, York, YO41 1LZ. The consolidated financial information (or "financial statements") incorporate the financial information of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising the "Group").

The principal activity of the Group is to develop, manufacture and distribute diagnostic devices and provide consultancy services to businesses in the diagnostics sector.

1.1 Accounting convention

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 Financial Instruments: Disclosure, on the grounds that equivalent disclosures for financial instruments are presented in the group accounts of Abingdon Health Plc;
(b) the requirements of IAS 7 Statement of Cash Flows to present a statement of cash flows;
(c) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions and balances between two or more members of a group;
(d) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations', for which equivalent disclosures are included in the group accounts of Abingdon Health Plc;
(e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
(i) paragraph 79(a)(iv) of IAS 1;
(ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment'; and
(iii) paragraph 118(e) of IAS 38 'Intangible Assets'.
(f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 'Presentation of Financial Statements; and
(g) the requirements of 'paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets'.

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

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's profit for the year was £412,762 (2019 loss: £924,519).

The principal accounting policies adopted in the preparation of the consolidated financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The Group's prior year Income Statement has been amended, as disclosed in note 34.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

1. Accounting policies (continued)

1.2 Basis of consolidation

The Group financial information consolidates those of the Company and the subsidiaries that the Company has control of. Control is established when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Where a subsidiary undertaking is acquired/disposed of during the year, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal.

All inter-company balances and transactions between group companies have been eliminated on consolidation.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that are not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interest based on their respective ownership interests.

The Group applies the acquisition method of accounting for business combinations enacted after the date of creation of the Group following incorporation of Abingdon Health Ltd, as detailed further below. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary's financial information prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred, over the Group's share of the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Entities other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence, are treated as associates. In the consolidated financial statements, associates are accounted for using the equity method.

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

1. Accounting policies (continued)

1.3 Going concern

The Directors have considered the principal risks and uncertainties facing the business, along with the Company's objectives, policies and processes for managing its exposure to financial risk. In making this assessment the Directors have prepared cash flows for the foreseeable future, being a period of at least 12 months from the expected date of approval of the financial statements.

Despite the financial uncertainties created across the globe by the Covid-19 pandemic, the Group is in the unusual position of being a substantial beneficiary of this through its expertise in the biotechnology sector through Lateral Flow Assay development and manufacture at scale. The pandemic provided an opportunity to lead a UK consortium to develop, manufacture and deploy testing kits through a substantial contract, and this is a critical part of its expansion and growth plans. However, the significant growth expected as a result of this and complementary contracts has necessitated a material increase in the Group's cost base, through increased staff costs and investment to fulfil this contract, most of which have fallen subsequent to the reporting end date. Such costs typically fall in advance of the associated revenue streams and as such the Group risks suffering from short-term working capital strain through up-front cash outflows, and investment in further development projects.

The Directors' assessment demonstrated that the working capital available for operations will allow these to continue at their current and planned growth levels for a period of at least 17 months from the date of approval of the financial statements (based on a sensitised version of the financial model). In particular this assessment reflects the significant equity fund raising completed on 15 December 2020 as part of the Initial Public Offering explained in note 29. Based on the above factors, the Directors have prepared these financial statements on a going concern basis.

1.4 Revenue

The Group applies IFRS 15 'Revenue from contracts with customers'. Under IFRS 15, the Group applies the 5-step method to identify contracts with its customers, determine performance obligations arising under those contracts, set an expected transaction price, allocate that price to the performance obligations, and then recognises revenues as and when those obligations are satisfied.

Clinical sales and Product sales

Goods are supplied under contracts where the key performance criteria for the Group are the manufacturing and delivery of the products. The fair value of the revenue, being the price per unit net of volume discounts and sales taxes, are recognised as revenue at the point of transfer of control to the customer, which is typically on dispatch from the Group's premises.

Technical consultancy and Contract services

Although technical consultancy services typically cover a period of several weeks or months, the pricing of this is typically set on a day rate as opposed to any milestone or percentage of completion approach. As such, the performance obligations are considered to be availability of staff to fulfil each day's work, as opposed to the overall contract qualifying as a long-term contract.

Revenues are therefore recognised on the day that each unit of contract manufacturing is provided, or the day that a member of staff have been utilised, at the day rate agreed on that particular contract. As the contracts typically involve the transfer of knowledge, and as any intellectual property created is owned by the customer, the Directors do not consider that there is any deferred element to the provision of staff.

A contract liability does, however, arise where services are invoiced in advance of performance, or where a customer makes payment in advance of an invoice being raised and work being performed. The amount is released to the profit or loss in subsequent periods in reference to utilisation of staff. A contract receivable arises where services are performed and a sales invoice is not raised before the reporting period end.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

1. Accounting policies (continued)

1.5 Research and development expenditure credits
Where the Group receives research and development expenditure credits ("RDEC") the account for these as government grant income within operating income as it more closely aligns with grant income as opposed to a taxation credit. The income is recognised on the performance model under IAS 20 'Accounting for Government Grants and Disclosures'. This policy has been revised in the current year to transfer from amounts previously recognised within taxation credits, as disclosed more fully in notes 4, 10 and 34.

1.6 Inventory
Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are recognised in profit or loss.

1.7 Intangible fixed assets - goodwill
Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. See note 12 for information on how goodwill is initially determined. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed annually for indications of impairment. See note 12 for a description of impairment testing procedures.

1.8 Intangible fixed assets other than goodwill
Intangible assets are initially measured at cost. Where intangible assets are acquired as part of a business combination, cost is determined by reference to a fair value estimation technique as disclosed further in note 2. After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed each financial period-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. Useful lives are typically amortised on the following basis:

Patents and Trademarks	10% straight line
Website Costs	20%-25% straight line
Development Costs	10% straight line *(unless accelerated as described in note 2)*

Amortisation is charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

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

1.9 Property, plant and equipment
Property, plant and equipment are recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

1. Accounting policies (continued)

1.9 Property, plant and equipment (continued)

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Plant and machinery	20%-33% straight line
Office equipment	33% straight line
Leasehold improvements	Life of the lease

Assets under construction are capitalised at cost within the appropriate category as described above, but are not depreciated until completed and brought into use.

The residual value and the useful life of an asset are reviewed at least at each financial period-end and if expectations differ from previous estimates, the changes are accounted for prospectively.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in profit or loss.

1.10 Non-current investments

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the Group has an investment and does not have significant control over are classified as non-current investments and carried at fair value through profit and loss.

1.11 Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset or cash-generating unit is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

The impairment loss is allocated to reduce the carrying amount of the asset, first against the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

1. Accounting policies (continued)

1.12 Financial instruments

Financial assets

Financial assets are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets. At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the Company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

The Group applies a forward-looking model of IFRS 9 to create an estimation of the expected credit losses arising in the next year on its financial assets, using an expectation derived from historical irrecoverable percentages as adjusted for predicted credit risk adjustments arising through forecast market changes.

If an asset is impaired, the impairment loss is the difference between the carrying value and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

1. Accounting policies (continued)

1.12 Financial instruments (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Share capital represents the nominal value of shares that have been issued.

Share premium represents the excess consideration received over share capital upon the sale of shares, less any incidental costs of issue.

Retained earnings include all current and prior period retained profits.

The non-controlling interest represents the portion of equity ownership in subsidiaries which is not attributable to the owners of the Company.

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

1. Accounting policies (continued)

1.13 Equity instruments (continued)
The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. Full disclosure of the calculation models is given in note 25.

1.14 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax, and excludes amounts recognised in respect of RDEC income as explained in note 1.5.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.16 Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

1. Accounting policies (continued)

1.17 Retirement benefits
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Share-based payment
The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. Full disclosure of the calculation models is given in note 25.

1.19 Leases
The Group has initially adopted IFRS 16 Leases in the current accounting period, replacing the current lease guidance including IAS 17. Previously the majority of the Group's leases were accounted for as operating leases. The Group has applied the full retrospective method of adoption, implementing the standard with effect from 1 July 2018, and has not utilised any practical expedients in determining its transitional values, and as such all financial periods presented are comparable.

Under IFRS 16 Leases are accounted for on the right of use model. The Income Statement presentation and expense recognition pattern is similar to that required for finance leases by IAS 17 previously adopted by the Company. At inception, the Company assesses whether a contract contains a lease. This assessment involved the exercise of judgement about whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Group identifies a lease as follows:

- At inception of a contact the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Group assesses whether:

i) the contract involves the sole use of a specific identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
ii) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
iii) the Group has the right to direct the use of the asset.

This policy is applied to contracts in existence at, entered into, or changed, on or after 1 January 2017.

- As a lessee the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate relevant to the asset

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

1. Accounting policies (continued)

1.19 Leases (continued)

relating to the lease. The lessee uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise fixed payments. The Group does not make other types of payment referred to in IFRS 16 for its leases.

Generally, the lease liability represents the present value of contractual future lease payments including optional renewal periods where the Group is reasonably certain to exercise the extension option. The Group does not typically enter into purchase options or variable lease payments.

The lease liability is measured at amortised cost using the effective interest method. The Group presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and discloses the corresponding "Lease liability" in the statement of financial position. Short-term leases and leases of low-value assets The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets which it defines as having a purchase cost of £5,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.20 Standards, amendments & interpretations in issue and adopted for the first time

The current standards, amendments and interpretations have been adopted in the year and have not had a material impact on the reported results in the Group's financial statements:

- Amendments to IFRS 9 'Financial Instruments' for prepayment features with negative compensation
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' for long term interests in associates and joint ventures
- Amendments to IAS 19 'Employee benefits' for plan amendments, curtailments and settlements
- Amendments to IFRS 3 'Business combinations' for previously held interests in a joint operation
- Amendments to IFRS 11 'Joint arrangements' for previously held interests in a joint operation
- Amendments to IAS 12 'Income taxes' for the income tax consequences of payments on financial instruments classified as equity
- Amendments to IAS 23 'Borrowing costs' around borrowing costs eligible for capitalisation
- IFRIC 23 'Uncertainty over Income Tax Treatments'

1.21 Standards, amendments and interpretations in issue but not yet effective

At the authorisation of these financial statements, the Group has not applied the following new and revised standards that have been issued but are not effective yet

	EU effective date – period beginning on or after
Amendments to the Conceptual Framework for Financial Reporting	1 January 2020
Definition of "Material" (amendments to IAS 1 IAS 8)	1 January 2020
Interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
Definition of a Business (amendments to IFRS 3)	1 January 2020
IAS 1 'Presentation of Financial Statements': Classification of liabilities as current or non-current	1 January 2022 *
IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts'	1 January 2023 *

* These standards, amendments and interpretations have not yet been endorsed by the EU and the dates shown are the expected dates. The adoption of all above standards is not expected to have any impact on the Group's financial statements.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make judgments, 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 readily 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.

Critical judgements

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

Right of use asset recognition

Management have assessed each lease liability for recognition under IFRS 16 and recognised a right of use asset where appropriate. Further explanation of this judgement is provided in note 1.19.

One lease includes a material component of service charge by comparison to the headline rental payments, where this service charge partially covers shared areas and facilities which would normally form part of a rental price. The Directors have applied judgement in splitting this service charge into rent-like components of £24,000 per annum (which qualify for capitalisation as a right of use asset), utility fees of £103,888 per annum, and ongoing shared costs of £72,000 per annum (which the latter two do not qualify for capitalisation as a right of use asset, nor recognition as a lease liability). The lease runs for a 7 year term and the total value of rent-like components capitalised is £160,590.

Revenue recognition

In line with IFRS 15 management are required to determine appropriate revenue recognition points for all revenue streams. Disclosure of the key assumptions and judgements on this is provided in note 1.4. Where multiple contracts are entered into with a single counterparty any instalment payments are not considered to be a key indicator of the satisfaction of a performance obligation, although linked contracts with a counterparty are considered in conjunction when identifying the appropriate point for revenue recognition.

Key sources of estimation uncertainty

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

Valuation of intangible assets (Group 2020: £15,732; 2019: £779,512)

Management judgements are required to estimate the useful lives of intangible assets, having reference to future economic benefits expected to be derived from use of the asset. Economic benefits are based on the fair values of estimated future cash flows.

In the current year management have reviewed the useful life of the capitalised development assets and have determined that the future direction of the business is likely to include a reduced focus on the assets included within the brought forward carrying value. As such, all development assets have been impaired in full.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

2 Judgements and key sources of estimation uncertainty (continued)

Valuation and impairment of goodwill (Group carrying values - 2020: £763,143; 2019: £3,742,411)
Goodwill is tested annually for impairment. The test considers future cash flow projections of cash-generating units that give rise to the goodwill. Where the discounted cash flows are less than the carrying value of goodwill, an impairment charge is recognised for the difference, which for the current year is shown in note 5. Further analysis of the estimates, judgements and sensitivities in the estimates are disclosed in Note 12.

Deferred tax assets (Group 2020: £nil; 2019: £14,944)
Management determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies and having regard to their strategic planning processes when making these judgements. Further details are contained in Note 22.

In the year ended 30 June 2020 the Group has significant growth plans and are projecting an increase in revenues and profitability as a result of customer contracts committed to and in the pipeline. However, the timing and exact value of these is not certain, so the taxable profits in the foreseeable future is not certain to cover tax losses carried forward.

In light of this, management do not consider it prudent to recognise a deferred tax asset for any losses, although any deferred tax liabilities arising have been offset against the deferred tax asset for tax losses on the basis that these balances will unwind against each other.

Share based payments
The determination of the fair values of EMI options has been made by reference to the Black-Scholes model with the inputs set out in Note 25.

IFRS 16
As part of the Group's first time adoption of IFRS 16, the liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2018. All leases were discounted using an estimated incremental rate of borrowing at the time of inception of the lease, ranging between 4.10% – 4.75%, with almost all leases by value relating to properties.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

3. Revenue

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker of the Group is considered to be the Board of Directors.

The Group has operating segments:

- Clinical sales: this comprises of the sale of Seralite products for monitoring multiple myeloma. Revenues are recognised at a point in time as the products are dispatched to customer or distributor, which is when the customer or distributor takes ownership of that product.
- Technical consultancy and Contract services: this comprises contract development and manufacturing activities. Revenues from this typically arise based on a daily consultancy as opposed to a long-term contract and as such revenue is typically recognised on the day of completion of each element of contract work. This is recognised over time, although based on defined and short periods of services being provided.
- Product Sales: this comprises the sale of Pocket Diagnostic products, PCRD tests and antibodies for research use. This is recognised at a point in time.
- Other Income: being revenue for ad hoc services including revenues from EU grants. This is recognised at a point in time.

Due to the specific nature of the Group's market, each component of revenue naturally falls within one of these segments. The operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results. All assets, liabilities and revenues are located in, or derived in, the United Kingdom.

Margins, overheads and balance sheet items are not broken down into the operating segments but are reviewed on a consolidated basis as presented in the Consolidated Income Statement.

Segmental analysis of revenue *(and goodwill CGU if applicable, see note 12)*

	2020	2019
	£	£
Clinical sales (Serascience)	137,659	376,300
Technical consultancy and Contract services (Abingdon Health and Forsite Diagnostics)	4,630,796	1,703,817
Product sales (Forsite Diagnostics)	461,605	191,676
Other income	5,000	5,500
Total revenue from contracts with customers	5,235,060	2,277,293

Revenue analysed by geographical market

	2020	2019
	£	£
United Kingdom	4,103,340	1,381,455
Europe	805,627	739,575
Rest of World	326,093	156,263
	5,235,060	2,277,293

All revenue received in the current and comparative years has been recognised at a point in time in accordance with the Group's revenue recognition policy as detailed in note 1.4 and above.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

4. Other income

	2020 £	2019 £ As restated
Other income		
Research and development expenditure credit	124,863	55,352
	124,863	55,352

See note 10 for an explanation of the restated balance in 2019.

5. Operating costs

	2020 £	2019 £
Operating loss for the year is stated after charging/(crediting):		
Depreciation of owned property, plant and equipment	58,615	105,870
Depreciation of property, plant and equipment held under leases	163,699	-
Profit on disposal of property, plant and equipment	-	(13,500)
Cost of inventories recognised as an expense	808,941	655,289
Impairment of inventories	-	10,129
Research costs expensed	420,086	210,731
Amortisation of intangible assets	369,351	139,144
Impairment of intangible assets	3,528,639	-

Research costs expensed excludes normal remuneration paid to employees.

Included within administrative expenses are impairment charges as follows:

	2020 £	2019 £
Impairment of Serascience Limited (note 12)	2,979,268	-
Impairment of Doncaster (note 15)	145,329	-
Impairment of R&D intangible assets (note 12)	404,042	-
	3,528,639	-

The impairment charge is explained further in note 12.

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates:		
For audit services		
Audit of the financial statements of the Group and Company	25,000	19,750
For non-audit services		
Tax advice for the Group	6,000	11,750

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

7. Employees

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

	2020 Number	2019 Number
Production	21	13
Research	16	14
Management and administration	14	17
	51	44

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,409,343	1,930,278
Social security costs	239,982	200,497
Pension costs	102,574	89,633
Share based payment expense	36,262	33,679
	2,788,161	2,254,087

Details of Directors' remuneration are provided in note 28.

The total cost of employee remuneration includes £nil (2019 - £57,336) of costs which have been on development projects, and which have accordingly been capitalised as an intangible asset, shown further in note 12.

8. Finance income

	2020 £	2019 £
Interest income		
Bank interest receivable	1,621	3,476
	1,621	3,476

9. Finance costs

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on convertible loan note	31,247	-
Interest on leases	33,102	22,430
Total finance costs	64,349	22,430

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

10. Taxation

	2020	2019 As restated
	£	£
Current tax		
UK Corporation tax on profits for the current year	(16,079)	(150,388)
Adjustments in respect of prior years	-	-
Total current tax	(16,079)	(150,388)
Deferred tax		
Origination and reversal of temporary differences	16,316	(3,920)
Impact of change in tax rates	(1,372)	-
Total deferred tax	14,944	(3,920)
Total tax credit	(1,135)	(154,308)

The charge for the year can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

	2020	2019 As restated
	£	£
(Loss) before taxation	(3,374,769)	(1,414,385)
Expected tax (credit)/charge based on a corporation tax rate of 19% (2019 - 19%)	(641,207)	(268,733)
Tax effect of expenses that are not deductible in determining taxable profit	3,986	3,676
Depreciation on assets not qualifying for tax allowances	105,095	-
Impairment of goodwill	566,061	-
Utilisation of previously unrecognised tax losses	(237,573)	-
Unrecognised tax losses	204,288	174,214
Share based payments	6,890	6,399
Research and development tax credits	(6,919)	(117,551)
Effect of change in local corporation tax rate	(1,372)	-
Other differences	(384)	47,687
Total tax credit	(1,135)	(154,308)

A reduction in the corporation tax rate to 17% (effective from 1 April 2020) was enacted in March 2017. On 11 March 2020 the reduction in the corporation tax rate to 17% was cancelled. These rates have therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 19% (2019: 17%).

The reconciliation for 2019 has been restated as a result of a mathematical and disclosure error being corrected from the previously filed financial statements. The previous disclosure incorrectly grouped various reconciling items and presented items that should have reduced the tax charge as increasing the charge and vice versa. The total tax charge has not changed as a result of this error, only as a result of the adoption of IFRS 16 restating the Income Statement for those years.

The balances have been restated for 2019 as a result of the Group formalising a policy to recognise RDEC income in Other Income in the P&L, which is now shown in note 4. The Directors are of the opinion that this income most closely represents government grant income, not taxation credits as previously presented. This is further shown in note 34.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

11. Dividends

No dividends were paid in the current or prior year.

12. Goodwill and other intangible assets

Group	Goodwill	Patents and trademarks	Website	Development costs	Total
	£	£	£	£	£
Cost					
At 1 July 2018	3,742,411	32,141	83,191	1,359,889	5,217,632
Additions	-	-	-	57,336	57,336
Disposals	-	-	-	-	-
At 30 June 2019	3,742,411	32,141	83,191	1,417,225	5,274,968
Additions	145,329	3,212	6,400	-	154,941
Disposals	-	-	-	-	-
As 30 June 2020	3,887,740	35,353	89,591	1,417,225	5,429,909
Amortisation and impairment					
At 1 July 2018	-	21,103	69,778	523,020	613,901
Amortisation charged for the year	-	1,310	12,738	125,096	139,144
Disposals	-	-	-	-	-
At 1 July 2019	-	22,413	82,516	648,116	753,045
Amortisation charged for the year	-	2,675	1,608	365,067	369,350
Impairment	3,124,597	-	-	404,042	3,528,639
Disposals	-	-	-	-	-
At 30 June 2020	3,124,597	25,088	84,124	1,417,225	4,651,034
Carrying amount					
At 30 June 2020	763,143	10,265	5,467	-	778,875
At 30 June 2019	3,742,411	9,728	675	769,109	4,521,923
At 1 July 2018	3,742,411	11,038	13,413	836,869	4,603,731

The Group tests goodwill annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill is assessed for impairment by comparing the carrying values with the value-in-use calculation, which is determined by calculating the net present value (NPV) of future cash flows arising from the original acquired business.

The carrying amount of goodwill is indicated in the table above. The net book value of goodwill above for Forsite Diagnostics Limited amounts to £763,143 (2019: £763,143), for Serascience Limited amounts to £nil (2019: £2,979,268), Molecular Vision Limited £nil (2019: £nil), and the Doncaster acquisition described in note 15 £nil (2019: £nil).

The recoverable amount for Forsite Diagnostics Limited has been determined based on a value in use calculation using cash flow projections based on the actual results for the year ended 30 June 2020 and the detailed financial forecasts prepared by the Board covering the period to 30 June 2023, based on the expectations of management for key elements of the Group's revenue streams. Thereafter, a growth rate to terminal value of 2% (2019 – 3%) has been used along with a pre-tax discount rate of 11.0% (2019 – 11%). The headroom in the impairment review is such that no reasonable sensitivities in relation to the discount rate or growth rate would result in an impairment.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

12. Goodwill and other intangible assets (continued)

The entire carrying value of Serascience Limited has been impaired in the year ended 30 June 2020, as a result of the Company's ongoing performance which is driven by its products. These products have had the useful life reassessed as described in note 2 which has formed part of this decision. Further, the acquired goodwill for Doncaster has been impaired in full as this site's use has altered by the year end and its assets and processes modified such that the goodwill is not representative of the future cashflows generated from the unit.

The carrying amounts of goodwill have been assigned to the following cash-generating units:

	Group	
	30 June 2020	**30 June 2019**
Forsite Diagnostics	763,143	763,143
Serascience	-	2,979,268
Doncaster	-	N/A
	763,143	3,742,411

Company

	Goodwill	Website	Lease costs	Total
	£	£	£	£
Cost				
At 1 July 2018	-	78,923	9,169	88,092
At 30 June 2019	-	78,923	9,169	88,092
Additions – separately acquired	145,329	6,400	3,212	154,941
Disposals	-	-	-	-
As 30 June 2020	145,329	85,323	12,381	243,033
Amortisation and impairment				
At 1 July 2018	-	65,510	1,965	67,475
Amortisation charged for the year	-	12,738	1,310	14,048
Disposals	-	-	-	-
At 30 June 2019	-	78,248	3,275	81,523
Amortisation charged for the year	-	1,608	1,539	3,147
Impairments	145,329	-	-	145,329
At 30 June 2020	145,329	79,856	4,814	229,999
Carrying amount				
At 30 June 2020	-	5,467	7,567	13,034
At 30 June 2019	-	675	5,894	6,569
At 1 July 2018	-	13,413	7,204	20,617

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

13. Property, plant and equipment

Group	Improvements to leasehold property £	Plant and machinery £	Office equipment £	Right of use asset £	Total £
Cost					
At 1 July 2018 – as reported	30,331	1,116,116	110,974	-	1,257,421
Impact of IFRS 16 adoption	-	-	-	648,958	648,958
Revised at 1 July 2018	30,331	1,116,116	110,974	648,958	1,906,379
Additions - acquired	-	24,655	14,226	56,453	95,334
Disposals	-	(49,073)	-	(34,097)	(83,170)
At 30 June 2019	30,331	1,091,698	125,200	671,314	1,918,543
Additions – acquired	507,326	1,108,577	34,549	435,829	2,086,281
Additions – on business combination	68,229	98,784	-	422,504	589,517
Disposals	-	(19,000)	-	-	(19,000)
At 30 June 2020	605,886	2,280,059	159,749	1,529,647	4,575,341
Depreciation and impairment					
At 1 July 2018 – as reported	21,375	1,023,036	97,990	-	1,142,401
Impact of IFRS 16 adoption	-	-	-	157,001	157,001
Revised at 1 July 2018	21,375	1,023,036	97,990	157,001	1,299,402
Depreciation charged	3,583	34,471	9,496	102,453	150,003
Eliminated in respect of disposals	-	(49,073)	-	(34,097)	(83,170)
At 30 June 2019	24,958	1,008,434	107,486	225,357	1,366,235
Depreciation charged	3,404	41,856	13,355	163,699	222,314
Eliminated in respect of disposals	-	(19,000)	-	-	(19,000)
At 30 June 2020	28,362	1,031,290	120,841	389,056	1,569,549
Carrying amount					
At 30 June 2020	577,524	1,248,769	38,908	1,140,591	3,005,792
At 30 June 2019	5,373	83,264	17,714	445,957	552,308
At 1 July 2018	8,956	93,080	12,983	491,957	606,976

Included within improvements to leasehold properties are assets under construction with value £507,326 (2019 - £nil), and within plant & machinery are assets under construction with value £911,801 (2019 - £nil). These assets are connected with capital commitments as disclosed in note 26. The assets are not depreciated until brought into use.

Abingdon Health PLC

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

13. Property, plant and equipment (continued)

Company

	Improvements to leasehold property £	Plant and machinery £	Office equipment £	Right of use asset £	Total £
Cost					
At 1 July 2018 – as reported	14,330	-	62,512	-	76,842
Impact of IFRS 16 adoption	-	-	-	648,958	648,958
Revised at 1 July 2018	14,330	-	62,512	648,958	725,800
Additions – acquired	-	-	14,226	56,453	70,679
Disposals	-	-	-	(34,097)	(34,097)
At 30 June 2019	14,330	-	76,738	671,314	762,382
Additions – acquired	*507,326*	*276*	-	435,829	943,431
Additions – business combinations	68,229	98,784	34,549	422,504	624,066
Disposals	-	-	-	-	-
At 30 June 2020	589,885	99,060	111,287	1,529,647	2,329,879
Depreciation and impairment					
At 1 July 2018 – as reported	5,374	-	50,951	-	56,325
Impact of IFRS 16 adoption	-	-	-	157,001	157,001
Revised at 1 July 2018	5,374	-	50,951	157,001	213,326
Depreciation charged	3,583	-	8,074	102,453	114,110
Eliminated in respect of disposals	-	-	-	(34,097)	(34,097)
At 30 June 2019	8,957	-	59,025	225,357	293,339
Depreciation charged in the year	3,404	10,995	13,668	163,699	191,766
Disposals	-	-	-	-	-
At 30 June 2020	12,361	10,995	72,693	389,056	485,105
Carrying amount					
At 30 June 2020	577,524	88,065	38,594	1,140,591	1,844,774
At 30 June 2019	5,373	-	17,713	445,957	469,043
At 1 July 2018	8,956	-	11,561	491,957	512,474

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

14. Investments

Group	Notes	2020	2019
		£	£
Investments in associates		-	-
Other investments		-	-
		-	-

Company	Notes	2020	2019
		£	£
Investments in subsidiaries		418,638	418,638
Investments in associates		-	-
Other investments		-	-
		418,638	418,638

Movements in investment - Group	Associates	Other investments	Total
	£	£	£
Share of net assets			
At 1 July 2018	167,043	-	167,043
Additions	-	-	-
Disposals	-	-	-
At 30 June 2019	167,043	-	167,043
Additions	-	-	-
Transfers	(167,043)	167,043	-
At 30 June 2020	-	167,043	167,043
Impairment			
At 1 July 2018	167,043	-	167,043
Impairment during the year	-	-	-
At 30 June 2019	167,043	-	167,043
Transferred during the year	(167,043)	167,043	-
At 30 June 2020	-	167,043	-
Carrying amount			
At 30 June 2020	-	-	-
At 30 June 2019	-	-	-

During the year Linear Diagnostics took part in a new issue of shares to new and existing shareholders, to which the Group was entitled to subscribe to pro rata based on shareholdings preceding the issue. These pre-emption rights were not taken up and therefore as of 6 September 2019 the shareholding fell to 18% and the investment was derecognised as an associate.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

14. Investments (continued)

Details of subsidiaries are included in Note 30.

Summarised Financial Information - Linear Diagnostics Limited

	2020	2019
	£	£
Non-current assets	N/A	315,083
Current assets	N/A	26,584
Current liabilities	N/A	(99,458)
Non-current liabilities	N/A	(924,584)
Net Liabilities	N/A	(682,375)
Revenue	N/A	31,853
Loss after tax	N/A	(232,916)

Movements in investments Company	**Equity investments in subsidiaries**	**Investments in associates**	**Other investments**	**Total**
	£	**£**	**£**	**£**
Cost or valuation				
At 1 July 2018	6,238,741	167,043	-	6,405,784
Additions	-	-	-	-
Disposals	-	-	-	-
At 30 June 2019	6,238,741	167,043	-	6,405,784
Additions	-	-		-
Transfers	-	(167,043)	167,043	-
At 30 June 2020	6,238,741	-	167,043	6,405,784
Impairment				
At 1 July 2019	5,820,103	167,043	-	5,987,146
Provision for impairment	-	-	-	-
Disposals	-	-	-	-
At 1 July 2019	5,820,103	167,043	-	5,987,146
Provision for impairment	-	-		-
Transfers	-	(167,043)	167,043	-
At 30 June 2020	5,820,103	-	167,043	5,987,146
Carrying amount				
At 30 June 2020	418,638	-	-	418,638
At 30 June 2019	418,638	-	-	418,638
At 1 July 2018	418,638	-	-	418,638

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

15. Business combinations

Acquisition of Doncaster
In April 2020 the Group acquired Doncaster in a trading acquisition. The consideration paid totalled £312,342, being settled by a cash payment and deferred consideration.

As part of the acquisition the Directors have assessed the business for existence of intangible assets and have concluded that there are none which are applicable for recognition under IAS 38.

	Carrying value £	Fair value adjustments £	Fair value recognised on acquisition £
Assets			
Leasehold improvements	68,229	-	68,229
Plant and machinery	98,784	-	98,784
Right of use assets	422,502	-	422,502
Total Assets	589,517	-	589,517
Liabilities			
Lease liabilities	422,502	-	422,502
Total Liabilities	422,502	-	422,502
Total identifiable net assets	167,013	-	167,013
Goodwill arising on acquisition			145,329
Purchase consideration transferred			312,342

Analysis of the cash flows on acquisition is:

	£
Transaction costs of the acquisition	-
Cash and cash equivalents acquired on combination	-
Cash and cash equivalents paid for the combination	(175,000)
Net cash flow on acquisition	(175,000)

A further £137,342 of consideration was deferred, and falls contractually due in 2021. Of this, £105,000 has been repaid early.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

16. Inventories

Group	2020 £	2019 £
Raw materials	740,862	338,154
Works in progress	16,308	32,968
Finished goods	22,176	35,292
	779,346	406,414

Company	2020 £	2019 £
Inventories	-	-

17. Trade and other receivables

Group **Amounts falling due within one year:**	2020 £	2019 £
Trade receivables	226,815	422,518
Payments on account	1,279,005	-
VAT receivable	199,377	-
Other receivables and prepayments	150,902	295,055
Contract receivable	18,654	42,363
	1,874,753	759,936

Trade receivables are stated net of impairment for estimated irrecoverable amounts of £26,238 (2019 - £26,238). This impairment has been determined by reference to past default experience and known issues. Write offs are made when the irrecoverable amount becomes certain. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Contract receivables of £18,654 (2019 - £42,363) has been calculated in accordance with IFRS 15.

Movement on the allowance for irrecoverable amounts on trade receivables are as follows:

	2020 £	2019 £
Beginning of the year	26,238	26,238
Provision for bad receivables	-	8,400
Released during the year	-	(8,400)
End of the year	26,238	26,238

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

17. Trade and other receivables (Continued)

An analysis of the trade receivables past due but not impaired is:

	2020	2019
	£	£
60 to 120 days	1,170	5,581
More than 120 days	71,396	76,856
Less provision	(26,238)	(26,238)
Total trade debtors past due but not impaired	46,328	56,199
Add:		
Less than 60 days	180,487	366,319
Net trade receivables	226,815	422,518

The Directors consider the credit quality of trade and other receivables that are neither past due nor impaired to be good.

Company	**2020**	**2019**
Amounts falling due within one year:	**£**	**£**
Trade receivables	173,400	-
Other receivables and prepayments	129,939	189,800
Amounts due from subsidiaries	3,698,274	1,740,870
	4,001,613	1,930,670

18. Current trade and other payables

Group	**2020**	**2019**
	£	**£**
Trade payables	1,124,814	431,106
Customer payments on account	327,601	-
Taxation and social security	680,991	76,786
Deferred consideration on business combinations	32,342	-
Accruals	341,841	141,910
Contract liability	939,512	75,094
	3,447,101	724,896

Contract liability is an amount of £939,512 (2019 - £75,094) relating to deferred revenues, calculated in accordance with IFRS 15. The amount of deferred income relating to the prior year has been fully released in the current financial year.

Company	**2020**	**2019**
	£	**£**
Trade payables	511,993	131,178
Taxation and social security	640,866	39,228
Accruals and deferred income	1,138,428	38,415
	2,291,287	208,821

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

19. Borrowings

Group	**2020**	**2019**
	£	**£**
Convertible loan notes	3,283,747	-
Bank loans	250,000	-
Other payables	13,000	13,000
	3,546,747	13,000
Payable within one year	3,317,580	13,000
Payable between one and two years	125,000	-
Payable between two and five years	104,167	-
	3,546,747	13,000

Company	**2020**	**2019**
	£	**£**
Convertible loan notes	3,283,747	-
Bank loans	250,000	-
	3,533,747	-
Payable within one year	3,304,580	-
Payable between one and two years	125,000	-
Payable between two and five years	104,167	-
	3,533,747	-

On 11 May 2020, the Company authorised for issue up to £3,000,000 convertible loan notes to select investors. On 16 June 2020 a further £500,000 of loan notes were authorised for issue. As at the year-end £247,500 of notes had not been taken up. The repayment date for the loan notes is 10 May 2021 and the interest rate is 12% pa. The loan notes are convertible for a variable number of shares based on the Company's spot rate on that day, and accordingly the entire value of the convertible loan notes is considered to represent a liability in accordance with IAS 32. The loan is accounted for at amortised cost using the headline rate of interest applicable to the loan notes Interest accrued on the notes has been included in the carrying value of the above liability.

The Group has pledged as security a fixed and floating charge over all properties and undertakings of the parent Company against bank loans of £250,000.

Other payables are an amount repayable to a former shareholder in instalments. No interest is charged on this balance. The outstanding balance at all year-ends is £13,000, which has been cleared post year-end.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

20. Obligations under leases

The Group has adopted IFRS 16 for the first time in the current year, leading to the restatement of the comparative financial information and creation of a lease liability not previously recognised. Future gross minimum lease payments are due under leases as follows:

Group	**2020**	**2019**
	£	**£**
Within one year	272,059	126,031
In two to five years	869,846	427,663
Over five years	254,714	-
	1,396,619	553,694
Less: future finance charges	(171,900)	(50,074)
	1,224,719	503,620

Company	**2020**	**2019**
	£	**£**
Within one year	272,059	122,092
In two to five years	869,846	421,676
Over five years	254,714	-
	1,396,619	543,768
Less: future finance charges	(171,900)	(50,073)
	1,224,719	493,693

These are disclosed in the financial statements on a net basis (excluding future finance charges) as follows:

Group	**2020**	**2019**
	£	**£**
Current lease payable	221,278	106,639
Non-current lease payable	1,003,441	396,981
	1,224,719	503,620

Company	**2020**	**2019**
	£	**£**
Current lease payable	221,278	102,938
Non-current lease payable	1,003,441	390,755
	1,224,719	493,693

Finance lease and hire purchase borrowings are secured against the assets to which they relate.

The Group's right of use asset additions and depreciation charge recognised on leases in the year is shown in note 13, and interest expense in note 9. The total cash outflows in the year are explained in the Statement of Cash Flows and associated notes.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

21. Financial instruments

Market and liquidity risks
Liquidity risk is the risk that the Company fails to have sufficient funds to meet its debts as they become due. The Group holds funds in short-term bank deposits so that they are available when required. The liquidity risk of the Group is managed centrally. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which regularly monitors the Group's short-medium and long-term funding, and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash and cash equivalents and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group have managed the risks of short term cash deficits by receiving advanced payment on key contracts to ensure its cash flow requirements can continue to be sufficiently met. See note 1.3 for further information on cashflows and the Directors' consideration of going concern.

Credit risk
During the year, the Group's credit risk was primarily attributable to its cash balances, other loans receivable, and its trade receivables. Credit risk, is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings. The risk to the Group of trade receivables going bad is deemed relatively low due to the size and stature of the customers the Company now trades with. There were no allowances for debt recovery as at the current or previous year end.

Capital management
As described in Note 24 the Group considers its capital to comprise its ordinary share capital, share premium, share based payment reserve, and accumulated deficit as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to commercialise the development which has been undertaken to date, through major sales in a number of markets.

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

Exchange rate and interest rate risk
All of the Group's borrowings are at fixed interest rates. The Group is therefore not exposed to the impact of changes in interest rates in the medium term. The level of debt is reviewed regularly by the Board.

The majority of purchases are denominated in Sterling. The Group is therefore not materially exposed to the impact of changes in exchange rates.

Group	**2020**	**2019**
Carrying amount of financial assets:		
Measured at fair value	-	-
Debt instruments measured at amortised cost	5,971,376	1,602,035
	5,971,376	1,602,035
Carrying amount of financial liabilities:		
Measured at fair value	3,283,747	-
Measured at amortised cost	3,486,219	1,264,877
	6,769,966	1,264,877

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

21. Financial instruments (Continued)

The undiscounted contractual maturity analysis for Group financial instruments is shown below. The maturity analysis reflects the contractual undiscounted cashflows, including future interest charges, which may differ from the carrying value of the liabilities as at the reporting date.

Financial liabilities	Demand and less than 3 months	From 3 to 12 months	From 12 months to 2	From 2 to 5 years	Over 5 years	Total
Trade and other	661,108	-	-	-	-	661,108
Loan notes	-	-	-	-	-	-
Leases	31,426	94,367	96,701	331,200	-	553,694
At 30 June 2019	692,534	94,367	96,701	331,200	-	1,214,802
Trade and other	1,807,258	-	-	-	-	1,807,258
Loan notes	-	3,283,747	-	-	-	3,283,747
Leases	67,200	204,859	268,424	601,412	254,724	1,396,619
Deferred consideration	-	32,342	-	-	-	32,342
Bank loans	-	20,833	125,000	104,167	-	250,000
At 30 June 2020	1,874,458	3,541,781	393,424	705,579	254,724	6,769,966

22. Deferred tax

As at the year-end there are no deferred tax balances in the Group or Company (2019 - £nil).

The following is the deferred tax balances for reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
IFRS 16 transitional adjustments	-	-	-	14,944
	-	-	-	14,944

Movements by category of deferred tax are as follows:

	(Asset)/ Liability at 1 July 2018 £	(Credit)/ charge to profit and loss £	(Asset)/ Liability at 30 June 2019 £
IFRS 16 transitional adjustment	(11,024)	(3,920)	(14,944)
	(11,024)	(3,920)	(14,944)

	(Asset)/ Liability at 1 July 2019 £	(Credit)/ charge to profit and loss £	(Asset)/ Liability at 30 June 2020 £
IFRS 16 transitional adjustment	(14,944)	14,944	-
	(14,944)	14,944	-

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

22. Deferred tax (continued)

Group
A deferred tax asset amounting to £2,780,267 (2019 - £2,651,153), in respect of trading losses carried forward of £14,632,982 (2019: £15,595,016) has not been recognised due to uncertainty over the extent and timing of future profits within the Group as at 30 June 2020. The actual loss for the quarter ended 30 September 2020 further demonstrates that earlier losses up to the reporting year are unlikely to be utilised in the near future based on current trends.

Company
A deferred tax asset amounting to £1,252,145 (2019: £1,315,341), in respect of trading losses carried forward of £6,590,239 (2019: £7,737,299), has not been recognised due to uncertainty over future profits.

23. Retirement benefit schemes

	2020 £	2019 £
Charge to profit and loss in respect of defined contribution schemes	102,574	89,633

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. At the year-end there is a pension creditor of £17,083 (2019 - £12,784).

24. Share capital

	2020	2019
Ordinary share capital		
Authorised	**Number**	**Number**
Ordinary shares of 0.1p each	12,906,826	11,406,826
A Ordinary shares of 0.1p each	3,916,450	3,916,450
	16,823,276	15,323,276
Allotted and fully paid	**Number**	**Number**
Ordinary shares of 0.1p each	11,406,826	11,406,826
A Ordinary shares of 0.1p each	3,916,450	3,916,450
	15,323,276	15,323,276
	£	£
Ordinary shares of 0.1p each	11,407	11,407
Ordinary 'A' shares of 0.1p each	3,916	3,916
	15,323	15,323

Both classes of shares carry one vote per share, and rank pari-passu in respect of dividend and capital distribution rights except for dividends being able to be declared independently on each share class.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

24. Share capital (continued)

Reconciliation of movements during the year:

	Ordinary Number
At 1 July 2019	15,323,276
Authorisation of shares	-
At 30 June 2020	15,323,276

No share options became exercisable during the year (2019: nil).

Reserves of the Company represent the following:

Share Capital – Shares in the Company held by shareholders at a proportional level with equal voting rights per share.
Share Premium – Excess over share capital of any investments.
Retained earnings – This comprises the accumulated trading results of the Group.
Share-based payment reserve - This reserve comprises the fair value of options share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital.

25. Share options

Group & Company	Number of share options		Weighted average exercise price	
	30 June 2020 Number	30 June 2019 Number	30 June 2020 £	30 June 2019 £
Outstanding at 1 July 2019	287,440	-	0.001	-
Granted	-	344,928	-	0.001
Forfeited	-	(57,488)	-	0.001
Outstanding at 30 June 2020	287,440	287,440	0.001	0.001
Exercisable at 30 June 2020	-	-	-	-

No options were exercised during the year.

The options outstanding at 30 June 2020 had an exercise price of £0.001 and a remaining contractual life ranging between July 2019 and July 2029.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

25. Share options (continued)

The options exist at 30 June 2020 across the following share option schemes:

	Number of shares	Exercise price per share (£)	Fair value of scheme	Vesting period
Options issued in July 2019	287,440	0.001	99,720	2.75 years
	287,400		99,720	

The fair value of the scheme is being expensed over the vesting period. All share options expire 10 years after the date of issue.

	Group		Company	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Expenses recognised in the year				
Arising from equity settled share-based payment transactions	36,262	33,679	36,262	33,679

In addition, further share options were granted on 15 July 2020 and on 05 November 2020, as explained in note 29.

26. Guarantees, commitments and contingent liabilities

At 30 June 2020, the Group and Company had no contingent liabilities (2019 - none). The borrowings disclosed in note 20, excluding the convertible loan notes, were secured over the assets of the Group including the Company. The amounts payable to a former shareholder (2020 - £13,000; 2019 - £13,000) disclosed in notes 19 and 20 are guaranteed by the Company.

At 30 June 2020 the Group had contracted for capital commitments of approximately £1.74 million (2019 - £nil). These amounts have not been reflected in the financial statements.

27. Operating lease commitments

Lessee
Other operating leases are on normal commercial terms with no rent-free periods or other incentives. Other agreements relate to motor vehicles on terms of one to three years, with no lease incentives.

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

	Group	
	30 June 2020 £	30 June 2019 £
Other operating leases		
Within one year	754	754
Between two and five years	628	1,382
In over five years	-	-
	1,382	2,136

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

28. Directors' remuneration and transactions

	30 June 2020 £	30 June 2019 £
Remuneration for qualifying services	449,648	378,542
Company pension contributions to defined contribution schemes	15,440	15,440
	465,088	393,982

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

The number of Directors receiving share options as remuneration amounted to 1 (2019 - none). The total fair value of the options received in the year was £2,901 (2019 - £nil).

29. Events after the reporting date

On 15 July 2020 the Company granted 1,065,000 new share options to its employees via an Enterprise Management Scheme. The only vesting conditions of the options are that there is an eventual sale of the Company.

On 13 October 2020 the Group undertook a capital reduction, which was approved by the Court. This will result in a reduction of £13,145,190 in the Group's share premium account and a corresponding increase of the same in the Group's retained profits. There is no overall impact on net assets from this transaction.

On 22 October 2020 the Group undertook a 3 for 1 bonus issue of shares for all existing shareholders with 45,969,828 new shares of £0.001 being issued and £45,970 transferred from share premium into share capital. Immediately after the bonus issue the shares were redesignated as deferred shares which carry no voting rights.

On 30 October 2020 the Company completed a resolution under S92 Companies Act 2006 to change its legal status from a private limited company to a public limited company.

On 5 November 2020 the Company granted 80,000 new non-employee share options to certain Directors via an unapproved share scheme. The only vesting conditions of the options are that the Company achieves an IPO.

On 15 December the Company announced the admission of its entire issued and to be issued ordinary share capital to trading on the AIM market of the London Stock Exchange. The Company raised £22 million (before expenses) by way of a placing of 22,916,666 ordinary shares of 0.025 pence each. On 14 December various reorganisation steps were taken in advance of the IPO. These were as follows:

- Exercise of options over 1,322,440 ordinary shares of £0.001 and lapse of 30,000 options;
- Conversion of all convertible loan notes and accrued interest into 1,159,271 ordinary shares of £0.001;
- Re-designation of 390,625 deferred shares into ordinary shares of £0.001;
- Re-designation of all A ordinary shares into ordinary shares of £0.001;
- Division of each deferred shares of £0.001 into 4 deferred shares of £0.00025 each and each ordinary shares of £0.001 into 4 ordinary shares of £0.00025 each
- Following these steps the issued share capital of the Company was £63,774.82 divided into 72,782,448 Ordinary Shares and 182,316,812 Deferred Shares.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

30. Related party transactions

Remuneration of key management personnel
The key management personnel are considered to be the Board of Directors and members. Refer to note 28 for details of key management personnel remuneration.

31. Subsidiaries

Details of the Company's subsidiaries at 30 June 2020 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held
Molecular Vision Limited (UK)	Consultancy and R&D into a diagnostics technology platform	A1 Preference shares	100%
Serascience Limited (UK)	Development and sales of medical diagnostic devices	Ordinary shares	100%
Forsite Diagnostics Limited (UK)	Manufacturing of diagnostic devices	Ordinary shares	100%

All investments are directly held by the Company.

All subsidiary companies have the same registered address as noted on the company information page in these financial statements.

The investments in subsidiaries are all stated at cost less impairment in the financial statements.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

32. IFRS 16 transitional impact

Leases are shown as follows on the balance sheet and income statement for:

	Opening extracts as at 1 July 2018 £	Adjustment as at 1 July 2018 £	Restated extracts as at 1 July 2018 £
Group			
Statement of Financial Position			
Non-current assets			
Property plant and equipment	115,026	491,957	606,983
Deferred tax asset	-	11,024	11,024
Current liabilities			
Obligations under finance leases	(3,701)	(111,328)	(115,029)
Non-current Liabilities			
Obligations under finance leases	(9,926)	(445,474)	(455,400)
Net assets	101,399	(53,821)	47,578
Equity			
Retained earnings	(5,843,542)	(53,821)	(5,897,363)

	Previously reported extracts as at 30 June 2019 £	Adjustment as at 30 June 2019 £	Restated extracts as at 30 June 2019 £
Group			
Statement of Financial Position			
Non-current assets			
Property plant and equipment	106,351	445,957	552,308
Deferred tax asset	-	14,944	14,944
Current assets			
Trade & other receivables	1,006,696	(40,169)	966,527
Current liabilities			
Obligations under finance leases	(3,701)	(102,938)	(106,639)
Non-current Liabilities			
Obligations under finance leases	(6,226)	(390,755)	(396,981)
Net assets	1,103,120	(72,961)	1,030,159
Equity			
Retained earnings	(7,084,479)	(72,961)	(7,157,440)

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2020

32. IFRS 16 transitional impact (continued)

	Restated extracts as at 30 June 2019 £	Adjustment as at 30 June 2019 £	Restated extracts as at 30 June 2019 £
Group			
Statement of Profit or Loss			
Administrative expenses	(3,021,359)	(1,334)	(3,022,693)
Operating loss	(1,394,097)	(1,334)	(1,395,431)
Interest payable	(704)	(21,726)	(22,430)
Loss before tax	(1,391,325)	(23,060)	(1,414,385)
Taxation credit	150,388	3,920	154,308
Loss for the year	(1,260,077)	(19,140)	(1,260,077)

33. Ultimate controlling party

In the opinion of the Directors, no one party has ultimate control due to shareholding.

34. Prior year restatement

	Previously reported extracts as at 30 June 2019 £	Restatement as at 30 June 2020 £	Restated extracts as at 30 June 2019 £
Group			
Statement of Profit or Loss			
Administrative expenses	(3,021,359)	-	(3,021,359)
Other income	-	55,352	55,352
Operating loss	(1,449,449)	55,352	(1,394,097)
Interest payable	(704)	-	(704)
(Loss)/profit before tax	(1,446,677)	55,352	(1,391,325)
Taxation credit	205,740	(55,352)	150,388
Profit for the year	(1,240,937)	-	(1,260,077)

In line with note 1.5 the Group has restated its comparative Statement of Profit or Loss to show RDEC income within other income as it more closely resembles a government grant rather than an income tax credit.