

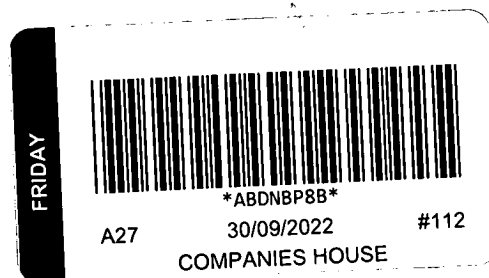
Registered number: 04146523

ACCENTUS MEDICAL LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2021



ACCENTUS MEDICAL LIMITED
REGISTERED NUMBER: 04146523

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	4	3,924	3,815
Tangible assets	5	114	98
		<u>4,038</u>	<u>3,913</u>
Current assets			
Stocks	6	130	122
Debtors: amounts falling due within one year	7	433	360
Cash at bank and in hand	8	4	2
		<u>567</u>	<u>484</u>
Creditors: amounts falling due within one year	9	(883)	(801)
Net current liabilities		<u>(316)</u>	<u>(317)</u>
Total assets less current liabilities		<u>3,722</u>	<u>3,596</u>
Creditors: amounts falling due after more than one year	10	(2,264)	(2,122)
Net assets		<u><u>1,458</u></u>	<u><u>1,474</u></u>
Capital and reserves			
Called up share capital		3,374	3,374
Revaluation reserve	13	8	8
Other reserves	13	688	688
Profit and loss account	13	(2,612)	(2,596)
		<u><u>1,458</u></u>	<u><u>1,474</u></u>

ACCENTUS MEDICAL LIMITED
REGISTERED NUMBER: 04146523

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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



Philip Agg 30 Sep 2022 11:56:17 BST (UTC +1)

P J Agg
Director

Date: 30 September 2022

The notes on pages 9 to 21 form part of these financial statements.

ACCENTUS MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

The Company is a private company limited by share capital, incorporated in England and Wales. The registered office address and principal place of business is 528.10 Unit 2 Rutherford Avenue, Harwell Campus, Didcot, Oxfordshire, OX11 0DF.

The principal activity of the Company is to develop and exploit intellectual property.

These financial statements have been approved for issue by the Board of Directors. No persons have the power to amend the financial statements beyond the date they were approved by the Board.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are rounded to the nearest thousand pound Sterling.

The following principal accounting policies have been applied:

2.2 Going concern

In the year to 31 December 2021 the Company made a loss of £17,000 (31 December 2020: £276,000), had net current liabilities at 31 December 2021 of £316,000 (2020: £317,000), net assets at 31 December 2021 of £1,458,000 (2020: £1,474,000) and cash and cash equivalents at 31 December 2021 of £4,000 (2020: £2,000).

The Directors have considered the ability of the Company to continue as a going concern and this is considered to be the most significant estimate made by the Directors in preparing the financial statements. The Directors have prepared cash flow forecasts for Accentus Medical Limited for a period covering more than 12 months from the date of their approval of these financial statements. The Directors have reviewed the assumptions made in respect of the timing and realisation of the anticipated commercial income and costs covering both the UK and the US operations in these forecasts.

The Company has rent arrears payable to its landlord. The landlord has confirmed its support to the Company to defer payment of the rent arrears for 12 months from September 2022 and will continue to support the Company with its business plan and accommodation strategy with a view to recovering the rent arrears after deferment of 12 months on a mutually agreeable timeframe without harming the business.

The Directors of AM Surface Technologies Limited have confirmed that that Company will continue to provide financial support to Accentus Medical Limited as it requires for its continued operations, for the foreseeable future, not less than 12 months from the date of signing the financial statements of Accentus Medical Limited.

Based on these forecasts, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In preparing these financial statements whilst recognising that there is a material uncertainty in relation to the timing of the receipt of anticipated commercial income and continued support from third parties, the Directors continue to adopt the going concern basis in preparing these financial statements.

ACCENTUS MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue comprises the fair value of consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown net of value added tax and trade discounts and the value of long-term contract work completed. Revenue includes income received from the supply of value adding surface technologies and licensing agreements.

Income from the supply of value adding surface technologies is recognised on completion of the manufacturing service and when collection of the resulting debt is reasonably assured.

Income from licences where the underlying intellectual property is secure and on which Accentus Medical will not incur future costs is recognised on signing of the contract with the licensee. Where Accentus Medical will incur future maintenance and support costs and each component of the contract does not operate independently, the full contract value is recognised rateably over the period of the contract. Where the components do operate independently, and fair values can be allocated to the individual components, each component is treated as if it were a separate contract. Any invoices raised or cash received in advance of recognition of the income is included within deferred income in payables.

ACCENTUS MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

ACCENTUS MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Intangible assets consist of research and development expenditure capitalised in accordance with FRS 102.

The Directors have considered the recoverability of the internally generated intangible asset which has a carrying value of £3,924,000 (2020 - £3,815,000). The Directors consider that the projects continue to progress in a satisfactory manner and the Directors are confident that the carrying amount of the asset will be recovered in full. This situation will be closely monitored and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

The key factors which could impact upon whether it remains appropriate to continue to capitalise intangible assets or on the impairment considerations include:

- The availability of the necessary finance and hence the ability of the Company to continue as a going concern;
- The assumptions surrounding the perceived market sizes for the products and the achievable market share for the Company;
- The successful conclusion of licensing arrangements and supply to customers will serve as an indicator as the likely success of the projects and, as such, any need for potential impairment.
- The level of upfront, milestone and royalty receipts will also serve as a guide as to the net present value of the assets and whether any impairment is required.

ACCENTUS MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

Intangible assets (continued)

The Directors have considered the progress of the business in the current period, including a review of the potential market for its products, the progress the Company has made in developing its technologies and other key commercial factors to determine whether any indicators of impairment exist. Based upon the review management have carried out they are satisfied that no such factors exist and, therefore, no impairment is due.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 10-33%
Fixtures and fittings	- 10%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

ACCENTUS MEDICAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2. Accounting policies (continued)****2.17 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Employees

The average monthly number of employees, including Directors, during the year was 24 (2020 - 28).

4. Intangible assets

	Development expenditure £000
Cost	
At 1 January 2021	4,058
Additions	293
At 31 December 2021	<u>4,351</u>
Amortisation	
At 1 January 2021	242
Charge for the year	185
At 31 December 2021	<u>427</u>
Net book value	
At 31 December 2021	<u><u>3,924</u></u>
At 31 December 2020	<u><u>3,815</u></u>

ACCENTUS MEDICAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****5. Tangible fixed assets**

	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 1 January 2021	804	8	812
Additions	34	4	38
Disposals	(1)	-	(1)
At 31 December 2021	837	12	849
Depreciation			
At 1 January 2021	708	6	714
Charge for the year on owned assets	21	1	22
Disposals	(1)	-	(1)
At 31 December 2021	728	7	735
Net book value			
At 31 December 2021	109	5	114
At 31 December 2020	96	2	98

6. Stocks

	2021 £000	2020 £000
Work in progress	12	23
Finished goods and goods for resale	118	99
	130	122

ACCENTUS MEDICAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****7. Debtors**

	2021	2020
	£000	£000
Trade debtors	230	176
Other debtors	36	35
Prepayments and accrued income	71	69
Tax recoverable	96	80
	433	360

8. Cash and cash equivalents

	2021	2020
	£000	£000
Cash at bank and in hand	4	2

9. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Other loans	195	122
Trade creditors	482	454
Other taxation and social security	45	69
Obligations under finance lease and hire purchase contracts	10	6
Other creditors	18	31
Accruals and deferred income	133	119
	883	801

Trade creditors includes the current portion of a rent accrual in respect of the rent free period of the Company's factory lease. This will be released over the projected remaining lifetime of the lease in line with a schedule agreed with the landlord.

See note 13 for further details on securities of other loans.

ACCENTUS MEDICAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****10. Creditors: Amounts falling due after more than one year**

	2021	2020
	£000	£000
Amounts owed to group undertakings	1,670	1,590
Net obligations under finance leases and hire purchase contracts	7	9
Trade creditors	197	197
Deferred income	38	42
Accruals	352	284
	2,264	2,122

Trade creditors include the non-current portion of the rent accrual (see note 11). Accruals include deferred consideration payable to certain employees.

Deferred income represents grant income received as a contribution to development costs. Deferred income will be recognised in line with amortisation of those development costs.

See note 13 for further details on securities of amounts owed to group undertakings.

11. Loans

Analysis of the maturity of loans is given below:

	2021	2020
	£000	£000
Amounts falling due within one year		
Other loans	195	122
Amounts falling due 1-2 years		
Amounts owed to group undertakings	1,670	1,590
	1,865	1,712

Other loans relate to an invoice discounting facility from Bibby secured against the Company's trade debtors ledger. Interest is charged at 3% above LIBOR.

Included in amounts owed to group undertakings at 31 December 2021 is £778,500 (2020: £729,000) in respect of convertible loan notes issued by the parent company, AM Surface Technologies Limited, the proceeds of which have been loaned by it to Accentus Medical Limited. These loans are secured by a fixed and floating charge over the assets of each of the Companies within the group. Amounts owed to group undertakings are unsecured, interest bearing and repayable on demand.

ACCENTUS MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**12. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2021 £000	2020 £000
Within one year	11	6
Between 1-5 years	8	9
	<u>19</u>	<u>15</u>

13. Reserves**Revaluation reserve**

The revaluation reserve represents tangible fixed assets revalued upon acquisition from a prior period grant project.

Other reserves

The other reserve derives from a capital gift received from AEA Technology on divestment in the period ended 31 March 2006.

Profit and loss account

The profit and loss account includes all current and prior period profits and losses.

14. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £16,000 (2020: £16,000). Contributions totalling £4,000 (2020: £4,000) were payable to the fund at the balance sheet date and are included in creditors.

15. Related party transactions

The Company has taken advantage of the exemption available under Section 33.1A of FRS 102 not to disclose information on transactions entered into with 100% group companies.

During the year ended 31 December 2021, a Director of the Company provided loans to the Company totalling £45,000 (2020: £21,800) on which he received no interest (2020: £Nil).

Directors are reimbursed for eligible expenses incurred in the normal course of business.

16. Post balance sheet events

Between the year-end date and the date of approval of these financial statements, the Company has received £73,000 of loans from its parent company AM Surface Technologies Limited and has repaid £15,000 of loans to it.

ACCENTUS MEDICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Controlling party

The ultimate controlling party of the Company is AM Surface Technologies Limited by virtue of its 100% shareholding.

18. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2021 was unqualified.

In their report, the auditor draws attention to the material uncertainty relating to going concern without qualifying their report:

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures in note 2.2 regarding the ability of the Company to continue as a going concern.

The Company recorded a loss for the year of £17,000 and at 31 December 2021 had cash reserves of £3,562 including cash at bank of £3,540 and other bank facilities of £22. As explained in note 2.2 to the financial statements, the Company's future trading is dependent upon the expected timing of the receipt of anticipated commercial income, and it is also reliant upon the continued support of its landlord and its parent company.

These matters, in addition to those explained further in note 2.2 to the financial statements, are material uncertainties which may cast doubt on the Company's ability to continue as a going concern for the foreseeable future. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

The audit report was signed on 30 September 2022 by Sue Staunton MA FCA CF (Senior Statutory Auditor) on behalf of James Cowper Kreston.