

**Zoobiotic Limited (trading as BioMonde)**

**Annual report and financial statements**

Registered number 05084328

31 March 2020



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## Strategic Report

The directors present their Strategic Report for the year ended 31 March 2020.

### Principal activities

The principal activity of the Company is the manufacture and distribution of larval debridement therapy ("LDT"), also known as maggot therapy, products for use in chronic and hard to heal wounds. The Company trades under the brand name "BioMonde".

Zoobiotic Limited trading as BioMonde operates in the United Kingdom with pharmaceutical manufacturing facilities based in Bridgend, South Wales. Zoobiotic owns 100% of BioMonde GmbH which operates pharmaceutical manufacturing facilities in Barsbüttel (Germany) to support sales and distribution of LDT in Europe.

Zoobiotic Limited trading as BioMonde is regulated by the Medicines and Healthcare Products Regulatory Agency.

### Business review and Key Performance Indicators

The results of the Company for the financial year are set on page 8 and show a loss for the year after tax of £536,000 (2019: loss £928,000). Turnover was £2,277,000 (2019: £2,444,000).

Shareholders' funds of the Company is £781,000 (2019: £1,274,000).

Losses for the Company before Interest, Tax, Depreciation, Amortisation and Impairment ("EBITDA") were £249,000 (2019: EBITDA profit £152,000).

The key performance indicators of the Company are revenue growth and EBITDA. Each of these is measured on a monthly and year to date basis. Measurement is against both business plan and prior year.

In addition, the Board reviews the working capital requirements of the Company and the wider Group to ensure that each operation is adequately funded to support the delivery of future business growth and to meet the liabilities of the business as they fall due.

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. The Business Quality Management System ("BQMS") combined with a framework of policies, procedures and internal controls addresses the business risks and uncertainties that are faced. Compliance with regulation and legal standards in each jurisdiction is a high priority for the Company and is overseen by both the Quality function and Finance function in the business with regular reporting to the Board. A corporate risk register is maintained and reviewed regularly by the Board and Senior Management and appropriate processes are put in place to monitor and mitigate them. The key business risks and uncertainties affecting the Company are set out below.

## Strategic Report *(continued)*

### Operational standards

It is of critical importance that BioMonde products are manufactured in accordance with local regulations and Good Manufacturing Practice ("GMP"). Rigorous monitoring of Standard Operating Procedures ("SOP's") and standards is combined with continuous development and training of staff across all sites to mitigate this risk.

### Brexit

The decision made by the UK to leave the European Union has generated risk and uncertainty in the general business environment. BioMonde has manufacturing capabilities in UK and Germany to serve its UK and European markets respectively. Brexit related risk and uncertainty and potential impact upon BioMonde is reviewed regularly by the Board as part of overall management and mitigation of risk.

### Future developments

In July 2020, the Company raised term loan finance of £350,000, from HSBC UK Bank plc under the Coronavirus Business Interruption Loan ('CBIL') Agreement. The loan was drawn down in one tranche in July 2020.

In August 2020, the terms of the loans from the Development Bank of Wales were varied. The Development Bank of Wales provided a waiver in respect of covenant breaches and subordinated repayments due under the term loans until the new CBIL term loan (including interest) from HSBC UK Bank plc has been fully repaid. Therefore, this loan represents long term funding of the company with repayments due to commence under the revised terms in August 2026.

By order of the board



**Gareth Kempson**  
*Director*

Unit 2-4 Dunraven  
Business Park  
Coychurch Road  
Bridgend  
CF31 3BG

18 February 2021

## Directors' report

The directors present their report for the year ended 31 March 2020.

### Directors

The directors who held office during the year were as follows:

Sir Roger Spencer Jones	
Mr Gareth Kempson	
Mr William Orde	(resigned 22 <sup>nd</sup> August 2019)
Mr James Dick	(resigned 22 <sup>nd</sup> October 2019)
Mr Michael Lewis	
Mr Robin Lincoln	(appointed 23 <sup>rd</sup> August 2019; resigned 6 <sup>th</sup> November 2019)

### Dividends

The directors do not recommend the payment of a dividend (2019: £Nil).

### Disclosure of information to auditor

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

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Gareth Kempson  
Director

Unit 2-4 Dunraven Business Park  
Coychurch Road  
Bridgend  
CF31 3BG

18 February 2021

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of their profit or loss for that period. In preparing the company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX  
United Kingdom

**Independent auditor's report to the members of Zoobiotic Limited (trading as BioMonde)**

**Opinion**

We have audited the financial statements of Zoobiotic Limited ("the company") for the year ended 31 March 2020 which comprise profit and loss account and other comprehensive income, balance sheet and the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **Independent auditor's report to the members of Zoobiotic Limited (trading as BioMonde) (continued)**

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**Independent auditor's report to the members of Zoobiotic Limited (trading as BioMonde) (continued)**

**The purpose of our audit work and to whom we owe our responsibilities**

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



**Jeremy Thomas (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

Date .....19 February 2021.....

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 March 2020*

	Note	2020 £000	2019 £000
Turnover	1,2	2,277	2,444
Cost of sales		(345)	(336)
<b>Gross profit</b>		<b>1,932</b>	<b>2,108</b>
Distribution costs		(107)	(102)
Administrative expenses		(2,199)	(2,428)
Other operating income		32	-
<b>Operating loss</b>		<b>(342)</b>	<b>(422)</b>
Interest payable and similar expenses	6	(209)	(515)
<b>Loss before taxation</b>		<b>(551)</b>	<b>(937)</b>
Tax on loss	7	15	9
<b>Loss for the financial year</b>		<b>(536)</b>	<b>(928)</b>
<b>Other comprehensive income</b>			
Re-measurement of the net defined benefit liability		4	(50)
Tax on other comprehensive income		(3)	8
<b>Other comprehensive income for the year, net of income tax</b>		<b>1</b>	<b>(42)</b>
<b>Total comprehensive income for the year</b>		<b>(535)</b>	<b>(970)</b>


The notes on pages 11 to 32 form part of the financial statements.

**Balance Sheet**  
*at 31 March 2020*

	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Intangible assets	8	187	247
Tangible assets	9	135	148
Investments	10	3,251	3,251
		<u>3,573</u>	<u>3,646</u>
<b>Current assets</b>			
Stocks	11	75	61
Debtors	12	485	289
Cash at bank and in hand		19	89
		<u>579</u>	<u>439</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,342)</u>	<u>(2,770)</u>
<b>Net current liabilities</b>		<u>(2,763)</u>	<u>(2,331)</u>
<b>Total assets less current liabilities</b>		<u>810</u>	<u>1,315</u>
Defined benefit pension	16	(29)	(41)
<b>Net assets</b>		<u>781</u>	<u>1,274</u>
<b>Capital and reserves</b>			
Called up share capital	17	216	216
Share premium account		-	7,545
Capital redemption reserve		-	2,913
Own share reserve	17	(22)	(22)
Profit and loss account		587	(9,378)
<b>Shareholders' funds</b>		<u>781</u>	<u>1,274</u>

The notes on pages 11 to 32 form part of the financial statements.

These financial statements were approved by the board of directors on 18 February 2021 and were signed on its behalf by:

  
**Gareth Kempson**  
Director

Company registered number: 05084328

**Statement of Changes in Equity**  
*for the year ended 31 March 2020 and 31 March 2019*

	Called up Share capital £000	Share Premium account £000	Own share reserve £000	Capital redemption reserve £000	Profit & loss account £000	Total equity £000
Balance at 1 April 2018	216	7,545	(22)	2,913	(8,450)	2,202
<b>Total comprehensive income for the year:</b>						
Loss for the year	-	-	-	-	(928)	(928)
Other comprehensive income:						
- Re-measurement of the net defined benefit liability	-	-	-	-	(50)	(50)
- Tax on comprehensive income					8	8
Total comprehensive income for the period	-	-	-	-	(970)	(970)
<b>Transactions with owners, recorded directly in equity:</b>						
Equity-settled share-based payment transactions	-	-	-	-	42	42
Total contributions by and distributions to owners	-	-	-	-	42	42
Balance at 31 March 2019 and 1 April 2019	216	7,545	(22)	2,913	(9,378)	1,274
<b>Total comprehensive income for the year:</b>						
Loss for the year	-	-	-	-	(536)	(536)
Other comprehensive income:						
- Re-measurement of the net defined benefit liability	-	-	-	-	4	4
- Tax on other comprehensive income					(3)	(3)
Total comprehensive income for the year:	-	-	-	-	(535)	(535)
<b>Transactions with owners, recorded directly in equity:</b>						
Equity-settled share-based payment transactions	-	-	-	-	42	42
Capital reduction scheme	-	(7,545)	-	(2,913)	10,458	-
Total contributions by and distributions to owners	-	(7,545)	-	(2,913)	10,500	42
Balance at 31 March 2020	216	-	(22)	-	587	781

The notes on pages 11 to 32 form part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Zoobiotic Limited (the "Company") is a company limited by shares and incorporated, registered and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company is exempt by virtue of s383 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The company is exempt by virtue of s382 of the Companies Act 2006 from the requirement to prepare a statement of cash flows.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified at fair value through the profit or loss.

#### 1.2 Going concern

As at 31 March 2020, the company had net current liabilities of £2,763,000 (2019: £2,331,000), net assets of £781,000 (2019: £1,274,000) and reported a loss for the year then ended of £536,000 (2019: loss £928,000). The directors have prepared the financial statements on a going concern basis which they consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of the ongoing impact of COVID-19 and a severe but plausible downside, the company will have sufficient funds, through its recently secured CBILs loan and ongoing trading, to meet its liabilities as they fall due for that period.

The directors have specifically assessed the impact that COVID-19 will have on the ability of the company to continue as a going concern. The impact of the COVID-19 virus has had a significant economic impact throughout the global economy and at the date of this report there remains uncertainty as to the full impact.

In preparing these forecasts the directors have considered reasonably possible downside scenarios including factors resulting from the impact of COVID-19. Specifically, the following assumptions and scenarios have been considered:

- **Ongoing trading:** As a healthcare product provider, the company is deemed an essential business and therefore has remained open and continued to operate throughout the pandemic and the associated lockdowns. The business has experienced a decline in its core revenue volumes of c20% as a result of the pandemic. However, supplementary revenue obtained from a dispensing contract with Public Health Wales and management of the cost base, have enabled the company to be cash generative since the year end and is forecast to continue for at least 12 months from the date of approval of the financial statements. A severe plausible downside scenario has been modelled which assumes that core trading volumes are consistent with that experienced over the period of the pandemic thus far, and that the additional dispensing revenue does not extend beyond the current committed orders. Under this downside scenario the business remains cash generative and with a positive cash balance throughout.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.2 Going concern (continued)

- **Short-term funding:** In July 2020, the Company raised term loan finance of £350,000, from HSBC UK Bank plc under the Coronavirus Business Interruption Loan ('CBIL') Agreement. The loan was drawn down in one tranche in July 2020. The loan is subject to an interest and capital repayment holiday for the first 12 months. The first repayment is due 13 months after the date of drawdown and is repayable in 60 monthly instalments. Interest is applied at a rate of 3.99% over the Bank of England Rate and is payable monthly. Whilst this loan provided liquidity at the start of the pandemic, it has been further supplemented by better than expected trading results since. The repayments of this loan have been included in the forecast cashflows as described above in accordance with the terms of repayment.
- **Long-term funding:** Included within the net current liabilities position of £2,763,000 as at 31 March 2020, is £2,713,000 being the amount of loan capital and accrued interest due to a significant shareholder, the Development Bank of Wales. This amount due was presented as a current liability as at 31 March 2020 on the basis that the company was in breach of its covenants. However, as described in note 20, the terms of the loans from the Development Bank of Wales were varied in August 2020. The Development Bank of Wales provided a waiver in respect of covenant breaches and subordinated repayments due under the term loans until the new CBIL term loan (including interest) from HSBC UK Bank plc has been fully repaid. Therefore, this loan represents long term funding of the company with repayments due to commence under the revised terms in August 2026. Interest will continue to accrue.

Based on the forecasts prepared and assumptions described above, including reasonably possible downside scenarios, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### 1.3 Investments

Investments in subsidiaries are carried at cost less impairment.

#### 1.4 Foreign currency

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

#### 1.5 Basic financial instruments

##### Trade and other debtors / creditors

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

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Tangible fixed assets

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.13 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- office equipment 3 years
- fixtures and fittings 3 years
- plant and machinery 10 years

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Intangible assets

##### *Research and development*

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

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

##### *Amortisation*

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

- capitalised development costs 5 – 15 years

The basis for choosing these useful lives is a combination of the maturity of the product in the relevant jurisdiction and the visibility of the relevant profit stream.

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

Other intangible assets are tested for impairment in accordance with FRS 102 Section 27 Impairment of assets when there is an indication of impairment.

#### 1.8 Stocks

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Impairment excluding stocks, and deferred tax assets

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

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

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

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

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

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

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

#### 1.10 Employee benefits

##### *Defined contribution plans and other long-term employee benefits*

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 Employee benefits (continued)

##### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans (and other long term employee benefits) is calculated (separately for each plan) by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

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

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

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

##### *Own shares held by ESOP trust*

Transactions of the Company-sponsored ESOP trust are treated as being those of the Company and are therefore reflected in the company financial statements. In particular, the trust's purchases and sales of shares in the Company are debited and credited directly to equity

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### 1.12 Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of larval debridement therapy products to customers. Turnover is recognised when product is provided which is at the point of despatch from the company's premises.

#### 1.13 Expenses

##### *Operating leases*

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

##### *Interest receivable and Interest payable*

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

#### 1.14 Taxation

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

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

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

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

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

#### 1.15 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful life of the assets to which they relate or in the periods in which the related costs are incurred.

## Notes (continued)

### 2 Turnover

	2020 £000	2019 £000
By activity:		
Larval Debridement	2,277	2,444
	<u>2,277</u>	<u>2,444</u>

	2020 £000	2019 £000
By geographical market:		
United Kingdom	2,277	2,444
	<u>2,277</u>	<u>2,444</u>

### 3 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2020 £000	2019 £000
Impairment of investments	-	483
Depreciation & impairment of tangible fixed assets	33	30
Amortisation & impairment of intangible assets	60	61
	<u>93</u>	<u>574</u>

*Auditor's remuneration:*

	£000	£000
Audit of these financial statements	23	25

Amounts receivable by the company's auditor and its associates in respect of:

	£000	£000
Taxation compliance services	5	5
Other tax advisory services	-	2
	<u>5</u>	<u>7</u>

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Production	14	13
Sales	10	12
Administration	8	8
	<u>32</u>	<u>33</u>

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	1,428	1,329
Social security costs	166	151
Share based payments (See note 16)	42	42
Contributions to defined contribution plans	100	102
Expenses related to defined benefit plans	8	-
	<u>1,744</u>	<u>1,624</u>

### 5 Directors' remuneration

	2020 £000	2019 £000
Directors' remuneration	191	192
Company contributions to money purchase pension plans	13	13

	Number of directors	
	2020	2019
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>1</u>	<u>1</u>
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	<u>1</u>	<u>1</u>

**Notes (continued)**

**6 Interest payable and similar expenses**

	2020 £000	2019 £000
Net interest expense on net defined benefit pension liabilities	1	-
Loan interest	208	515
	<u>          </u>	<u>          </u>
Total interest payable and similar expenses	209	515
	<u>          </u>	<u>          </u>

**7 Taxation**

*Total tax expense recognised in the profit and loss account, other comprehensive income and equity*

	2020 £000	2020 £000	2019 £000	2019 £000
<i>Current tax</i>				
Adjustments in respect of prior periods	--	(16)		(13)
		<u>          </u>		<u>          </u>
Total current tax		(16)		(13)
<i>Deferred tax (see note 15)</i>				
Origination and reversal of timing differences	1		4	
	<u>          </u>		<u>          </u>	
Total deferred tax		1		4
		<u>          </u>		<u>          </u>
Total tax		(15)		(9)
		<u>          </u>		<u>          </u>

## Notes (continued)

### 7 Taxation (continued)

	2020			2019		
	Current tax £000	Deferred tax £000	Total tax £000	Current tax £000	Deferred tax £000	Total tax £000
Recognised in Profit and loss account	(16)	1	(15)	(13)	4	(9)
Recognised in Other comprehensive income	-	3	3	-	(8)	(8)
<b>Total tax</b>	<b>(16)</b>	<b>4</b>	<b>(12)</b>	<b>(13)</b>	<b>(4)</b>	<b>(17)</b>

#### Analysis of current tax recognised in profit and loss

	2020 £000	2019 £000
UK corporation tax	(16)	(13)
<b>Total current tax recognised in profit and loss</b>	<b>(16)</b>	<b>(13)</b>

#### Reconciliation of effective tax rate

	2020 £000	2019 £000
Loss for the year	(536)	(928)
Total tax (credit)/ expense	(15)	(9)
<b>Loss excluding taxation</b>	<b>(551)</b>	<b>(937)</b>
Tax using the UK corporation tax rate of 19% (2019: 19%)	(105)	(178)
Non-deductible expenses	93	200
Current year losses for which no deferred tax asset was recognised	53	23
Under / (over) provided in prior years	(16)	(13)
R&D deductions	(52)	(52)
Deferred tax – reversal of timing differences	12	11
<b>Total tax (credit) / expense included in profit or loss</b>	<b>(15)</b>	<b>(9)</b>

#### Factors that may affect future current and total tax charges:

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 31 March 2020 has been calculated based on this rate. In the 11 March 2020 Budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

**Notes (continued)**

**8 Intangible assets**

	<b>Development costs £000</b>
<b>Cost</b>	
Balance at 1 April 2019 and 31 March 2020	603
	<hr/>
<b>Amortisation and impairment</b>	
Balance at 1 April 2019	356
Amortisation for the year	60
	<hr/>
Balance at 31 March 2020	416
	<hr/>
<b>Net book value</b>	
At 1 April 2019	247
	<hr/>
At 31 March 2020	187
	<hr/>

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

*Amortisation charge*

The amortisation charge for the year of £60,000 (2019: £61,000) has been recognised within administrative expenses in the profit and loss account.

**Notes (continued)**

**9 Tangible fixed assets**

	Plant and machinery £000	Fixtures and fittings £000	Office equipment £000	Total £000
<b>Cost</b>				
Balance at 1 April 2019	737	150	103	990
Additions	17	3	-	20
Disposals	(2)	-	(1)	(3)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	752	153	102	1,007
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>				
Balance at 1 April 2019	633	118	91	842
Depreciation charge for the year	25	4	4	33
Disposals	(2)	-	(1)	(3)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	656	122	94	872
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 1 April 2019	104	32	12	148
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	96	31	8	135
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 10 Fixed asset investments

	Shares in group undertakings £000
<i>Cost</i>	
At beginning of year	11,334
Additions	-
	<hr/>
At end of year	11,334
	<hr/>
<i>Provisions</i>	
At beginning of year	8,083
Impairment	-
	<hr/>
At end of year	8,083
	<hr/>
<i>Net book value</i>	
At 1 April 2019	3,251
	<hr/>
At 31 March 2020	3,251
	<hr/>

Details of the company's subsidiary undertakings, which are registered in Germany and the USA, are set out below. BioMonde GmbH principal activity is the manufacture and distribution of larval debridement therapy. BioMonde (US) LLC ceased activity during the year.

The investment in BioMonde (US) LLC has been written down in previous years to £nil as fully impaired. In the opinion of the directors, the remaining investment is not worth less than the value shown in the financial statements.

Undertaking	Holding	Proportion of voting rights and shares held	Registered office
<i>Subsidiary undertakings</i>			
BioMonde GmbH (Germany)	Ordinary shares	100%	Kiebitzhorn 33-35, 22885 Barsbüttel, Germany
BioMonde (US) LLC	Ordinary shares	100%	251 Little Falls Drive, City of Wilmington, Delaware 19808, USA

### 11 Stocks

	2020 £000	2019 £000
Raw materials and consumables	75	61
	<hr/>	<hr/>

Raw materials and consumables recognised as cost of sales in the year amounted to £197,000 (2019: £195,000).

**Notes (continued)**

**12 Debtors**

	2020 £000	2019 £000
Trade debtors	129	185
Amounts owed by group undertakings	274	35
Corporation tax receivable	17	13
Prepayments and accrued income	65	56
	<u>485</u>	<u>289</u>

**13 Financial instruments**

The carrying amounts of the financial assets and liabilities include:

	2020 £000	2019 £000
Assets measured at amortised cost	420	233
Liabilities measured at amortised cost	<u>2,137</u>	<u>1,790</u>

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

	2020 £000	2019 £000
Bank facility utilised	26	-
Trade creditors	278	222
Taxation and social security	98	93
Deferred tax (see note 15)	16	12
Accruals and deferred income	1,189	968
Term loan	1,735	1,475
	<u>3,342</u>	<u>2,770</u>

As permitted under the terms of the loan agreements with Development Bank of Wales and senior management, interest is being rolled-up on to the balance of the loans outstanding and repayment of interest commences with the repayment plan as set out in Note 20. The accrued interest balance calculated using the effective interest rate method as at 31 March 2020 is £1,041,000 (2019: £834,000) and is included within accruals.

## Notes (continued)

### 15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Accelerated capital allowances	-	-	22	20	22	20
Employee benefits	(6)	(8)	-	-	(6)	(8)
<b>Tax (assets) / liabilities</b>	<b>(6)</b>	<b>(8)</b>	<b>22</b>	<b>20</b>	<b>16</b>	<b>12</b>

In addition to the deferred tax assets and liabilities above, the Company has additional unrecognised gross tax losses of £1,620,000 (2019: £1,747,000) which have not been recognised as the future recovery is uncertain.

### 16 Employee benefits

#### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £100,000 (2019: £102,000). Contributions totalling £10,000 (2019: £12,000) were payable to the scheme at the end of the year and are included in creditors.

#### Defined benefit pension scheme

The Company operates a defined benefit pension scheme for certain employees. The defined benefit pension scheme is closed to future accrual of benefits.

The Company includes its share of the assets and liabilities of the scheme in its balance sheet. Current service costs, curtailment and settlement gains and losses and net financial returns are included in the profit and loss account in the period to which they relate. Actuarial gains and losses are included in other comprehensive income.

The latest full actuarial valuation was carried out as at 1 June 2019 and was updated for FRS102 purposes to 31 March 2020 by a qualified independent actuary.

The amounts recognised in the balance sheet are as follows:

	2020 £000	2019 £000
Present value of funded obligations	(548)	(608)
Fair value of scheme assets	519	567
<b>Net liability</b>	<b>(29)</b>	<b>(41)</b>

**Notes (continued)**

**16 Employee benefits (continued)**

*Movements in present value of defined benefit obligations*

	2020 £000	2019 £000
At 1 April	(608)	(571)
Interest cost	(15)	(14)
Actuarial (losses)/gains	67	(67)
Benefits paid	8	44
	<hr/>	<hr/>
At 31 March	(548)	(608)
	<hr/>	<hr/>

*Movements in fair value of plan assets*

	2020 £000	2019 £000
At 1 April	567	573
Interest income	14	14
Actual return on plan assets, excluding interest income	(63)	15
Contributions by employer	9	9
Benefits paid	(8)	(44)
	<hr/>	<hr/>
At 31 March	519	567
	<hr/>	<hr/>

*Defined benefit pension scheme*

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Net interest on defined benefit pension plan obligation	(1)	-
	<hr/>	<hr/>
<b>Total</b>	(1)	-
	<hr/>	<hr/>

## Notes (continued)

### 16 Employee benefits (continued)

The fair value of the plan assets were as follows:

	Fair value 2020 £000	Fair value 2019 £000
Equities	306	329
Government debt	88	96
Corporate bonds	47	45
Property	62	79
Other	16	18
	<u>519</u>	<u>567</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were:

	2020 %	2019 %
Discount rate at 31 March	2.4	2.5
Future salary increases	2.8	3.4
Future pension increases	2.8	3.4
Price inflation	2.8	3.4

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The last full actuarial valuation was performed on 1 June 2019. To measure the defined benefit obligation as at 31 March 2020, the Company made approximate allowance for charges in salary, employee numbers and actuarial assumptions.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 63-year old to live for a number of years as follows:

- Current member aged 63: 21.8 years (male), 24.0 years (female).
- Future retiree upon reaching 63: 23.1 years (male), 25.5 years (female).

## Notes (continued)

### 16 Employee benefits (continued)

#### Share based payments

There are three (2019: four) employees and four non-employees (2019: three) holding share options at the balance sheet date. The terms and conditions of grants are as follows:

Grant date/ employees entitled/ nature of scheme	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life of options
Equity- settled award to one supplier granted on 1 April 2014	Equity	60,000	On exit	10 years
Equity- settled award to one supplier granted on 1 July 2014	Equity	100,000	On exit	10 years
Equity-settled award to one director granted on 1 November 2014	Equity	100,000	On exit	10 years
Equity-settled award to one employee granted on 26 February 2015	Equity	263,906	None	10 years
Equity-settled award to one ex-employee granted on 26 February 2015	Equity	100,000	None	10 years
Equity-settled award to one employee granted on 26 February 2015	Equity	267,916	None	10 years
Equity-settled award to one employee granted on 1 April 2015	Equity	99,791	None	10 years
Equity-settled award to one employee granted on 8 July 2016	Equity	136,444	On exit	10 years
Equity-settled award to one employee granted on 8 July 2016	Equity	100,000	On exit	10 years
Equity-settled award to one ex-employee granted on 8 July 2016	Equity	25,000	On exit	10 years
Equity-settled award to one employee granted on 20 December 2017	Equity	181,520	On exit	10 years
Equity-settled award to one ex-employee granted on 20 December 2017	Equity	91,163	On exit	10 years
Equity-settled award to one employee granted on 20 December 2017	Equity	108,082	On exit	10 years
Equity-settled award to one employee granted on 17 March 2020	Equity	527,812	None	10 years

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

	Number of options 2020	Number of options 2019
Outstanding at the beginning of the year	2,161,634	2,161,634
Forfeited during the year	(527,812)	-
Granted during the year	527,812	-
	<hr/>	<hr/>
Outstanding at the end of the year	2,161,634	2,161,634
	<hr/>	<hr/>
Exercisable at the end of the year	1,395,869	891,718
	<hr/>	<hr/>

## Notes (continued)

### 16 Employee benefits (continued)

All share options are exercisable at a price of £0.01.

The total expenses recognised for the year arising from share-based payments are as follows:

	2020 £000	2019 £000
Total share-based payment expense	42	42

### 17 Capital and reserves

#### Share capital

	A Ordinary Shares No.	Ordinary shares No.
On issue at 1 April 2019	2,063,332	19,553,012
Issued for cash	-	-
On issue at 31 March 2020 – fully paid	2,063,332	19,553,012
	2020 £000	2019 £000
<i>Allotted, called up and fully paid</i>		
19,553,012 ordinary shares of £0.01 each	196	196
2,063,332 A ordinary shares of £0.01 each	20	20
	216	216

The holders of A ordinary and ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The own share reserve comprises the costs of shares in Zoobiotic Limited held by the Employee Share Ownership Plan ("ESOP") trust totalling £22,000 at the year-end (2019: £22,000), to the extent that they have not become realised losses. When they become realised losses, they are transferred to retained earnings. At 31 March 2020 the ESOP trust held 2,161,634 of the Company's shares (2019: 2,161,634). The ESOP shares are held for the purpose of retention and incentivisation of staff and 1,685,471 (2019: 1,901,634) of the shares are under option to employees.

In November 2019, the Company completed a Capital Reduction programme by way of the solvency statement procedure under section 641(1)(a) of the Companies Act 2006. The Capital Reduction programme reduced the share premium from £7,545,000 to £nil and the capital redemption reserve from £2,913,000 to £nil with the amount of the reductions being credited to reserves.

### 18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2020 £000	2019 £000
Less than one year	28	105
Between one and five years	37	77
	65	182

During the year £107,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £110,000).

## Notes (continued)

### 19 Related parties

During the year the Company made the following related party transactions:

**Battle House Farms** (Organisation controlled by Sir Roger Jones, a Director of the Company and shareholder in the Company)

During the year the company acquired professional services totalling £33,000 (2019: £33,000). At the balance sheet date, the amount due to Battle House Farms was £61,000 (2019: £41,000).

**Development Bank of Wales** (the Company is an associate of Development Bank of Wales by virtue of their shareholding)

During the year the company acquired professional services totalling £48,000 (2019: £48,000). At the balance sheet date, the amount due to Development Bank of Wales was £87,000 (2019: £56,000) in respect of services.

At the balance sheet date, the amount due to Development Bank of Wales in respect of term loans was £1,500,000 (2019: £1,500,000).

**Mikale Limited** (Organisation controlled by Mr Michael Lewis, a Director of the Company)

During the year the company acquired professional services totalling £15,000 (2019: £15,000). At the balance sheet date, the amount due to Mikale Limited was £1,000 (2019: £1,000).

**Sabine Kempson** (Close family member of Gareth Kempson, a Director of the Company)

During the year, Sabine Kempson was an employee of the company and was paid salary of £nil (2019: £4,000) and employer pension contributions were made of £nil (2019: £nil).

#### Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £540,000 (2019: £499,000).

### 20 Subsequent events

In July 2020, the Company raised term loan finance of £350,000, from HSBC UK Bank plc under the Coronavirus Business Interruption Loan ('CBIL') Agreement. The loan was drawn down in one tranche in July 2020. The loan is subject to an interest and capital repayment holiday for the first 12 months. The first repayment is due 13 months after the date of drawdown and is repayable in 60 monthly instalments. Interest is applied at a rate of 3.99% over the Bank of England Rate and is payable monthly.

The terms of the existing term loans from the Development Bank of Wales were varied in August 2020. The Development Bank of Wales provided a waiver in respect of covenant breaches and subordinated repayments due under the term loans until the new CBIL term loan (including interest) from HSBC UK Bank plc has been fully repaid.

The terms of the existing term loans from senior management were also varied in August 2020 with subordination of repayments due under the term loans until the new CBIL term loan (including interest) from HSBC UK Bank plc has been repaid.

In July 2020, the Decentralised Process for obtaining a market access licence in additional European countries was authorised by the relevant authorities.

## Notes (continued)

### 21 Accounting judgements and estimates

#### *Critical accounting judgements in applying the Company's accounting policies*

Certain critical accounting judgements (apart from those involving estimations included below) in applying the Company's accounting policies are described below.

- *Note 8* – the Company has judged that the remaining value and useful life of its development cost intangible assets are appropriate; and
- *Note 10* – the Company has judged that its investments in subsidiaries are suitably valued. The investment in BioMonde GmbH is not impaired at the balance sheet date.

#### *Key sources of estimation uncertainty*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

- *Note 16* – measure of defined benefit obligations: key actuarial assumptions; and
- *Note 15* – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.