

ECONSULT HEALTH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

ECONSULT HEALTH LIMITED

COMPANY INFORMATION

Directors	Dr M Ellender H Alty (resigned 8 September 2022) A Chamberlain (resigned 10 November 2022) Dr T Ringrose Dr B Shankland S Drane Dr J A Bajwa (appointed 1 September 2021) J E Hurst (appointed 5 April 2022) Dr A K Madan (appointed 17 November 2021) S Pather (appointed 8 September 2022) D J Morrison (appointed 10 November 2022)
Registered number	07628675
Registered office	3rd Floor, Moorfoot House 221 Marsh Wall London E14 9FJ
Independent auditors	MHA MacIntyre Hudson Statutory Auditor 2 London Wall Place London EC2Y 5AU
Bankers	NatWest Bank 156 Fleet Street Holborn London EC4A 2DX

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

Introduction

eConsult is the leading provider of digital triage across the NHS. We support both primary and secondary care.

Business review

eConsult has continued to grow in FY22 with a 34% growth in ACRR. This has been achieved through organic growth and the acquisition of MyMed Limited (trading as QDoctor) in May 2021.

Throughout FY22 eConsult maintained market share in primary care (churn below 5%), grew over 100% in emergency care and entered the outpatient market.

We ended FY22 with over 3,000 subscribers.

Principal risks and uncertainties

The covid pandemic has been both beneficial and detrimental to the financial performance of eConsult. It has increased the uptake of digital triage within the primary care sector but has slowed it down within secondary care.

As with all organisations our organisation was affected by differing working patterns but our team adapted well.

Our exposure to Brexit and supply chain challenges is minimal although has added to our cost base and the cost of living difficulties faced by our team.

We are exposed to the workforce challenges many others are facing with challenges recruiting into certain roles.

Given we have created a market it was inevitable that competitors would enter the market which has happened and we expect increased pressure from competitors in the future.

Financial key performance indicators

The company uses various KPIs to assess performance. For FY22:

- 94% recurring revenue
- 2.7% churn
- 42% market share
- 2% ARPA increase

Other key performance indicators

- Patients seen by clinical need
- Patients routed to right place, right time
- Freeing up clinical resources
- Reducing time to treatment
- Saving unnecessary appointments
- Reducing NHS carbon footprint

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

Date: 2 December 2022

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £4,891,161 (2021 - profit £1,118,396).

During the year, no dividends were paid (2021 - £Nil).

Directors

The directors who served during the year were:

Dr M Ellender
H Alty (resigned 8 September 2022)
A Chamberlain (resigned 10 November 2022)
Dr T Ringrose
Dr B Shankland
S Drane
Dr J A Bajwa (appointed 1 September 2021)
Dr A K Madan (appointed 17 November 2021)
Dame C Gerada (resigned 17 November 2021)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Future developments

We remain committed to supporting the NHS in managing its triage process moving to digital triage where appropriate. We are well placed to support health care systems manage triage across entry points due to our integrated products across primary care, emergency and specialists.

We have been approached about expanding our offering internationally. We continue to review this and this is an area of growth for us at the right time in our future.

Qualifying third party indemnity provisions

Directors' liability and indemnity insurance was in force throughout the year to cover the directors and officers of the company against actions brought against them in their personal capacities. Cover is not provided where the individual has acted fraudulently or dishonestly.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Dr M Ellender
Director

Date: 2 December 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECONSULT HEALTH LIMITED

Opinion

We have audited the financial statements of eConsult Health Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECONSULT HEALTH LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECONSULT HEALTH LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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.

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing of supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECONSULT HEALTH LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Georgette Alicia Crisp BSc (Hons) FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditor

London

United Kingdom

12 December 2022

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	<i>As restated 2021 £</i>
Turnover	4	7,411,182	6,208,914
Cost of sales		(339,131)	(235,800)
Gross profit		7,072,051	5,973,114
Administrative expenses		(10,256,622)	(4,969,583)
Other operating income	5	450,789	59,848
Operating (loss)/profit	6	(2,733,782)	1,063,379
Amounts written off investments		(2,531,100)	-
Interest receivable and similar income		103	-
Interest payable and similar expenses	11	(70,588)	(64,500)
(Loss)/profit before taxation		(5,335,367)	998,879
Tax on (loss)/profit	12	444,206	119,517
(Loss)/profit for the financial year		(4,891,161)	1,118,396
(Loss)/profit for the year attributable to:			
Owners of the parent Company		(4,891,161)	1,118,396
		(4,891,161)	1,118,396

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 17 to 39 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible fixed assets	14	5,788,619	2,202,554
Tangible assets	15	336,917	249,494
		<u>6,125,536</u>	<u>2,452,048</u>
Current assets			
Debtors: amounts falling due within one year	17	3,628,996	3,231,496
Cash at bank and in hand	18	3,840,443	8,435,166
		<u>7,469,439</u>	<u>11,666,662</u>
Creditors: amounts falling due within one year	19	(6,121,452)	(5,236,576)
Net current assets		<u>1,347,987</u>	<u>6,430,086</u>
Total assets less current liabilities		<u>7,473,523</u>	<u>8,882,134</u>
Creditors: amounts falling due after more than one year	20	(1,570,065)	(1,271,995)
Net assets		<u><u>5,903,458</u></u>	<u><u>7,610,139</u></u>
Capital and reserves			
Called up share capital	22	2,809	2,571
Share premium account	23	9,681,942	6,497,700
Profit and loss account	23	(3,781,293)	1,109,868
Equity attributable to owners of the parent Company		<u>5,903,458</u>	<u>7,610,139</u>
		<u><u>5,903,458</u></u>	<u><u>7,610,139</u></u>

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

Dr M Ellender
Director

Date: 2 December 2022

The notes on pages 17 to 39 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	4,057,986	2,202,554
Tangible assets	15	329,404	249,494
Investments	16	1,687,400	-
		<u>6,074,790</u>	<u>2,452,048</u>
Current assets			
Debtors: amounts falling due after more than one year	17	940,000	-
Debtors: amounts falling due within one year	17	3,449,416	3,231,496
Cash at bank and in hand	18	3,752,189	8,435,166
		<u>8,141,605</u>	<u>11,666,662</u>
Creditors: amounts falling due within one year	19	(5,863,820)	(5,236,576)
Net current assets		<u>2,277,785</u>	<u>6,430,086</u>
Total assets less current liabilities		<u>8,352,575</u>	<u>8,882,134</u>
Creditors: amounts falling due after more than one year	20	(1,443,405)	(1,271,995)
Net assets		<u>6,909,170</u>	<u>7,610,139</u>
Capital and reserves			
Called up share capital	22	2,809	2,571
Share premium account	23	9,681,942	6,497,700
Profit and loss account brought forward		1,109,868	(8,528)
Loss/(profit) for the year		(3,885,449)	1,118,396
Profit and loss account carried forward		(2,775,581)	1,109,868
		<u>6,909,170</u>	<u>7,610,139</u>

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

Dr M Ellender
Director

Date: 2 December 2022

The notes on pages 17 to 39 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2021	2,571	6,497,700	1,109,868	7,610,139
Comprehensive income for the year				
Loss for the year	-	-	(4,891,161)	(4,891,161)
Total comprehensive income for the year	-	-	(4,891,161)	(4,891,161)
Shares issued during the year	238	3,184,242	-	3,184,480
At 31 March 2022	2,809	9,681,942	(3,781,293)	5,903,458

The notes on pages 17 to 39 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	2,000	-	(8,528)	(6,528)
Comprehensive income for the year				
Profit for the year	-	-	1,118,396	1,118,396
Total comprehensive income for the year	-	-	1,118,396	1,118,396
Shares issued during the year	571	6,497,700	-	6,498,271
At 31 March 2021	2,571	6,497,700	1,109,868	7,610,139

The notes on pages 17 to 39 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2021	2,571	6,497,700	1,109,868	7,610,139
Comprehensive income for the year				
Loss for the year	-	-	(3,885,449)	(3,885,449)
Total comprehensive income for the year	-	-	(3,885,449)	(3,885,449)
Contributions by and distributions to owners				
Shares issued during the year	238	3,184,242	-	3,184,480
Total transactions with owners	238	3,184,242	-	3,184,480
At 31 March 2022	2,809	9,681,942	(2,775,581)	6,909,170

The notes on pages 17 to 39 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2020	2,000	-	(8,528)	(6,528)
Comprehensive income for the year				
Profit for the year	-	-	1,118,396	1,118,396
Total comprehensive income for the year	-	-	1,118,396	1,118,396
Contributions by and distributions to owners				
Shares issued during the year	571	6,497,700	-	6,498,271
Total transactions with owners	571	6,497,700	-	6,498,271
At 31 March 2021	2,571	6,497,700	1,109,868	7,610,139

The notes on pages 17 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(4,891,161)	1,118,396
Adjustments for:		
Amortisation of intangible assets	1,291,562	449,832
Depreciation of tangible assets	112,126	48,101
Impairments of fixed assets	2,531,100	-
Interest paid	69,338	64,500
Interest received	(103)	-
Taxation charge	(444,206)	(119,517)
(Increase) in debtors	(276,596)	(1,183,927)
Increase in creditors	931,676	2,097,882
Corporation tax received	323,302	-
Other adjustment	(742)	-
Net cash generated from operating activities	(353,704)	2,475,267
Cash flows from investing activities		
Purchase of intangible fixed assets	(3,071,124)	(1,493,291)
Purchase of tangible fixed assets	(185,978)	(105,850)
Purchase of investments - cash and costs	(4,218,500)	-
Interest received	103	-
Net cash from investing activities	(7,475,499)	(1,599,141)
Cash flows from financing activities		
Issue of ordinary shares	3,184,480	6,498,271
New loans	50,000	-
Net cash used in financing activities	3,234,480	6,498,271
Net (decrease)/increase in cash and cash equivalents	(4,594,723)	7,374,397
Cash and cash equivalents at beginning of year	8,435,166	1,060,769
Cash and cash equivalents at the end of year	3,840,443	8,435,166
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,840,443	8,435,166
	3,840,443	8,435,166

The notes on pages 17 to 39 form part of these financial statements.

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2022**

	At 1 April 2021	Cash flows	At 31 March
	£	£	2022 £
Cash at bank and in hand	8,435,166	(4,594,723)	3,840,443
Debt due after 1 year	-	(40,493)	(40,493)
Debt due within 1 year	-	(9,507)	(9,507)
	<u>8,435,166</u>	<u>(4,644,723)</u>	<u>3,790,443</u>

The notes on pages 17 to 39 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. General information

eConsult Health Limited is a private company, limited by shares, registered in England and Wales. The company registration number is 07628675 and the registered office is 3rd Floor, Moorfoot House, 221 Marsh Wall, London, E14 9FJ. The principal activity of the group is software development for medical practices.

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 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 presented in £ sterling and are rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the following exemptions in its individual financial statements:

- From presenting its own statement of comprehensive income in these financial statements under section 408 of the Companies Act 2006
- From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The directors have assessed the use of going concern and have considered possible events or conditions that might cast significant doubt on the ability of the group to continue as a going concern, including the impact of COVID-19. The directors have made this assessment for a period of at least one year from the date of the approval of these financial statements. The directors have concluded that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the group's ability to continue as a going concern. The directors, therefore, continue to adopt the going concern basis in preparing these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.4 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 Consolidated 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'.

2.5 Revenue

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.6 Operating leases: the Group 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.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their 5 years useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. The deferred element of grants is included in creditors as deferred income.

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

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 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.

2.11 Borrowing costs

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

2.12 Pensions

Employer pension plan

The Group is a member of an employer pension plan. Where it is not possible for the Group to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.13 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.14 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 and the Group operate and generate 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)**2.15 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other 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.

The estimated useful lives range as follows:

Development expenditure	-	5	years
Goodwill	-	10	years
Trademarks	-	10	years

2.16 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:

Long-term leasehold property	-	10%
Office equipment	-	25%
Computer equipment	-	33%

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)**2.17 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.18 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.19 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.

2.20 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.21 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.

2.22 Financial instruments

The Group 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)**2.22 Financial instruments (continued)**

at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors consider that the critical accounting policies where judgments and estimations have been applied are as follows:

Intangible Assets

The directors have considered the estimated useful lives and amortisation of the intangible assets, which have a significant impact on the financial statements. The directors are satisfied that the intangible asset lives and amortisation are appropriate.

4. Turnover

	2022 £	2021 £
Turnover	7,411,182	6,208,914
	<u>7,411,182</u>	<u>6,208,914</u>

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

5. Other operating income

	2022	2021
	£	£
Government grants receivable	450,789	59,848
	<u>450,789</u>	<u>59,848</u>

Government grants are made up of grants received for the projects and interest on the bounce back loan which should have been payable if there was no interest free period. The corresponding interest payable is included in other loan interest payable.

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2022	2021
	£	£
Exchange differences	7,904	1,355
Other operating lease rentals	<u>115,529</u>	<u>125,257</u>

7. Auditors' remuneration

	2022	2021
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>21,750</u>	<u>14,755</u>

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	3,000	1,250
All other services	6,150	-
	<u>9,150</u>	<u>1,250</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Wages and salaries	4,277,748	2,227,151	3,789,968	2,227,151
Social security costs	399,313	213,725	386,894	213,725
Cost of defined contribution pension scheme	85,716	45,682	78,837	45,682
	<u>4,762,777</u>	<u>2,486,558</u>	<u>4,255,699</u>	<u>2,486,558</u>

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

	Group 2022 No.	<i>Group 2021 No.</i>	Company 2022 No.	<i>Company 2021 No.</i>
Employees	<u>104</u>	<u>58</u>	<u>92</u>	<u>58</u>

9. Directors' remuneration

	2022 £	<i>2021 £</i>
Directors' emoluments	523,760	254,227
Group contributions to defined contribution pension schemes	2,984	366
	<u>526,744</u>	<u>254,593</u>

During the year retirement benefits were accruing to 3 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £183,167 (2021 - £102,193).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,321 (2021 - £328).

The directors are considered to be the sole members of Key Management Personnel.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Interest receivable

	2022 £	2021 £
Other interest receivable	103	-
	<u>103</u>	<u>-</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	1,250	-
Other loan interest payable	69,338	64,500
	<u>70,588</u>	<u>64,500</u>

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	(444,206)	(119,517)
	<u>(444,206)</u>	<u>(119,517)</u>
Total current tax	<u>(444,206)</u>	<u>(119,517)</u>
Deferred tax		
	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(444,206)</u>	<u>(119,517)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	<u>(5,335,367)</u>	<u>998,879</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,013,720)	189,787
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	273,987	111,468
Capital allowances for year in excess of depreciation	(34,031)	(20,838)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	329,558	(399,934)
Total tax charge for the year	<u><u>(444,206)</u></u>	<u><u>(119,517)</u></u>

Factors that may affect future tax charges

The company has brought forward tax losses that will continue to reduce future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £3,885,449 (2021 - profit £1,118,396).

14. Intangible assets**Group**

	Development expenditure £	Trademarks £	Goodwill £	Total £
Cost				
At 1 April 2021	3,453,814	19,864	-	3,473,678
Additions - internal	3,067,024	4,100	-	3,071,124
On acquisition of subsidiary	1,575,037	-	3,011,647	4,586,684
At 31 March 2022	8,095,875	23,964	3,011,647	11,131,486
Amortisation				
At 1 April 2021	1,269,484	1,640	-	1,271,124
Charge for the year	1,029,656	2,030	259,876	1,291,562
On acquisition of subsidiary	249,081	-	-	249,081
Impairment charge	-	-	2,531,100	2,531,100
At 31 March 2022	2,548,221	3,670	2,790,976	5,342,867
Net book value				
At 31 March 2022	<u>5,547,654</u>	<u>20,294</u>	<u>220,671</u>	<u>5,788,619</u>
At 31 March 2021	<u>2,184,330</u>	<u>18,224</u>	<u>-</u>	<u>2,202,554</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

14. Intangible assets (continued)

Company

	Development expenditure £	Trademarks £	Total £
Cost			
At 1 April 2021	3,453,814	19,864	3,473,678
Additions - internal	2,744,898	4,100	2,748,998
At 31 March 2022	6,198,712	23,964	6,222,676
Amortisation			
At 1 April 2021	1,269,484	1,640	1,271,124
Charge for the year	891,536	2,030	893,566
At 31 March 2022	2,161,020	3,670	2,164,690
Net book value			
At 31 March 2022	4,037,692	20,294	4,057,986
At 31 March 2021	2,184,330	18,224	2,202,554

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

15. Tangible fixed assets

Group

	Long-term leasehold property £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2021	141,703	43,264	158,687	343,654
Additions	-	22,918	163,060	185,978
On acquisition of subsidiary	-	-	28,079	28,079
At 31 March 2022	<u>141,703</u>	<u>66,182</u>	<u>349,826</u>	<u>557,711</u>
Depreciation				
At 1 April 2021	23,617	18,697	51,846	94,160
Charge for the year	14,170	14,573	83,383	112,126
On acquisition of subsidiary	-	-	14,508	14,508
At 31 March 2022	<u>37,787</u>	<u>33,270</u>	<u>149,737</u>	<u>220,794</u>
Net book value				
At 31 March 2022	<u>103,916</u>	<u>32,912</u>	<u>200,089</u>	<u>336,917</u>
At 31 March 2021	<u>118,086</u>	<u>24,567</u>	<u>106,841</u>	<u>249,494</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

15. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2021	141,703	43,264	158,687	343,654
Additions	-	22,918	163,060	185,978
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	141,703	66,182	321,747	529,632
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2021	23,617	18,697	51,846	94,160
Charge for the year	14,170	14,573	77,325	106,068
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	37,787	33,270	129,171	200,228
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2022	<u>103,916</u>	<u>32,912</u>	<u>192,576</u>	<u>329,404</u>
At 31 March 2021	<u>118,086</u>	<u>24,567</u>	<u>106,841</u>	<u>249,494</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	4,218,500
At 31 March 2022	4,218,500
Impairment	
Charge for the period	2,531,100
At 31 March 2022	2,531,100
Net book value	
At 31 March 2022	1,687,400
<i>At 31 March 2021</i>	-

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
MyMed Ltd	Third Floor, Moorfoot House, 221 Marsh Wall, London, E14 9FJ	Ordinary A Ordinary B Ordinary	100 %

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

17. Debtors

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Amounts owed by group undertakings	-	-	940,000	-
	<u>-</u>	<u>-</u>	<u>940,000</u>	<u>-</u>

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Trade debtors	2,563,009	2,406,548	2,521,525	2,406,548
Amounts owed by group undertakings	-	-	64,016	-
Other debtors	67,280	55,829	54,989	55,829
Prepayments and accrued income	554,501	445,817	436,443	445,817
Tax recoverable	444,206	323,302	372,443	323,302
	<u>3,628,996</u>	<u>3,231,496</u>	<u>3,449,416</u>	<u>3,231,496</u>

18. Cash and cash equivalents

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Cash at bank and in hand	3,840,443	8,435,166	3,752,189	8,435,166
	<u>3,840,443</u>	<u>8,435,166</u>	<u>3,752,189</u>	<u>8,435,166</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

19. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£	<i>£</i>	£	<i>£</i>
Bank loans	9,507	-	-	-
Trade creditors	375,908	547,526	354,386	547,526
Other taxation and social security	1,571,678	690,342	1,462,433	690,342
Other creditors	152,904	11,531	149,541	11,531
Accruals and deferred income	4,011,455	3,987,177	3,897,460	3,987,177
	<u>6,121,452</u>	<i><u>5,236,576</u></i>	<u>5,863,820</u>	<i><u>5,236,576</u></i>

Accruals and deferred income includes £3,331,824 (2021 - £3,481,143) of deferred income of the Group in respect of license fees received in advance for the year to 31 March 2023.

20. Creditors: Amounts falling due after more than one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£	<i>£</i>	£	<i>£</i>
Bank loans	40,493	-	-	-
Amounts owed to other participating interests	993,838	924,500	993,838	924,500
Accruals and deferred income	535,734	347,495	449,567	347,495
	<u>1,570,065</u>	<i><u>1,271,995</u></i>	<u>1,443,405</u>	<i><u>1,271,995</u></i>

Accruals and deferred income includes £449,567 (2021 - £347,495) of deferred income of the Group in respect of license fees received in advance for periods over one year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

21. Loans

Analysis of the maturity of loans is given below:

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Amounts falling due within one year				
Bank loans	9,507	-	-	-
Amounts falling due 1-2 years				
Bank loans	40,493	-	-	-
Amounts falling due 2-5 years				
Other loans	993,838	<i>924,500</i>	993,838	<i>924,500</i>
	993,838	<i>924,500</i>	993,838	<i>924,500</i>
	1,043,838	<i>924,500</i>	993,838	<i>924,500</i>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

22. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
5,536,359 (2021 - 5,513) Ordinary A shares of £0.000001 (2021 - £0.001) each	6	6
5,536,359 (2021 - 5,513) Ordinary B shares of £0.000100 (2021 - £0.1) each	553	551
22,161,080 (2021 - 20,139) Ordinary shares of £0.000100 (2021 - £0.1) each	2,216	2,014
338,541 (2021 - 0) Ordinary C shares of £0.000100 each	34	-
	<hr/>	<hr/>
	2,809	2,571
	<hr/>	<hr/>

On 20 May 2021, the existing shares were subdivided into as follows:

Ordinary £0.10 shares into £0.0001 shares

A Ordinary £0.001 shares into £0.000001 shares

B Ordinary £0.10 shares into £0.0001 shares

During the year, the following share issues took place:

On 20 May 2021, 2,022,080 Ordinary shares of £0.0001 each were allotted at £1.56. A share premium of £3,154,243 arose on this issue.

The following shares were issued post year end but the funds for these share issues were received in the year, therefore these have been included in the accounts:

On 5 April 2022, 180,950 C Ordinary shares of £0.0001 each were allotted at £0.0001.

On 5 April 2022, 157,591 C Ordinary shares of £0.0001 each were allotted at £0.0001.

On 5 April 2022, 23,359 A Ordinary shares of £0.000001 each were allotted at £0.64218. A share premium of £15,001 arose on this issue.

On 5 April 2022, 23,359 B Ordinary shares of £0.0001 each were allotted at £0.64218. A share premium of £14,998 arose on this issue.

23. Reserves**Share premium account**

The share premium account increased by £3,184,242 from £6,497,700 to £9,681,942 with the shares allotted above.

Profit and loss account

The profit and loss reserve account consists of the cumulative total of all current and prior profits and losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

24. Share based payments

At 31 March 2022 there were 4,945,313 (2021 - 1,554) unexercised share options on ordinary shares of £0.0001 each (2021 - £0.10). The options relate to an Enterprise Management Incentives scheme and were granted between April 2018 and January 2022 at a range of exercise prices, with option vesting generally dependant upon a trigger event.

The total fair value of these options at the balance sheet date was considered trivial due to the uncertainty surrounding the trigger event, as a result no adjustment has been made in the financial statements.

25. Business combinations

On 20 May 2021, the Group acquired 100% of the share capital of MyMed Ltd. The total consideration is £4.2m. Of this, £0.9m was paid in cash, £3.2m was settled by the issue of shares, and £0.1m is made up of future deferred consideration.

The following table summarises the consideration paid by the Group, the fair value of the assets acquired, liabilities assumed at the acquisition date.

Acquisition of MyMed Ltd**Recognised amounts of identifiable assets acquired and liabilities assumed**

	Book value £	Fair value £
Fixed Assets		
Tangible	13,571	13,571
Intangible	1,325,956	1,325,956
	<u>1,339,527</u>	<u>1,339,527</u>
Current Assets		
Debtors	370,435	370,435
Cash at bank and in hand	5,268	5,268
	<u>1,715,230</u>	<u>1,715,230</u>
Total Assets	<u>1,715,230</u>	<u>1,715,230</u>
Creditors		
Due within one year	(508,377)	(508,377)
	<u>1,206,853</u>	<u>1,206,853</u>
Total identifiable net assets		<u>3,011,647</u>
Goodwill		<u>4,218,500</u>
Total purchase consideration		<u><u>4,218,500</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

25. Business combinations (continued)**Consideration**

	£
Cash	845,643
Equity instruments	3,154,445
Deferred consideration	131,932
Directly attributable costs	86,480
Total purchase consideration	4,218,500
Cash outflow on acquisition	

The goodwill arising on acquisition is attributable to the value of the assembled workforce and additional value attributed by the acquirer to the future expected cash flows.

26. Prior year adjustment

Government income in both 2022 and 2021 were reclassified to other operating income from turnover, which is consistent with the UK accounting policies.

27. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £85,716 (£2021 - £45,682). Contributions totalling £17,609 (2021 - £11,265) payable to the fund at the balance sheet date and are included in creditors.

28. Commitments under operating leases

At 31 March 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	<i>Group</i> <i>2021</i> £	Company 2022 £	<i>Company</i> <i>2021</i> £
Not later than 1 year	84,853	77,553	84,853	77,553
Later than 1 year and not later than 5 years	249,810	249,810	249,810	249,810
Later than 5 years	124,905	202,971	124,905	202,971
	<u>459,568</u>	<u>530,334</u>	<u>459,568</u>	<u>530,334</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

29. Related party transactions

Group

On 2 April 2019 a formal loan agreement was entered into for £800,000 with The Hurley Group, which sets out that interest is payable at 7.5% per annum compound deferred for 5 years and the loan is repayable in full on 31 October 2024. The loan is included within creditors due after more than one year. Interest of £69,338 was charged on the loan in the year (2021 - £64,500). As at 31 March 2022, the group owed £993,838 (2021 - £924,500) to The Hurley Group, a partnership in which four directors of the Group are partners.

During the year costs were recharged by The Hurley Group totalling £137,588 (2021 - £271,560) for work undertaken by staff and partners of the practice in respect of the company and for the use of IT services paid for by The Hurley Group. There was a balance of £25,268 owed to The Hurley Group at 31 March 2022 (2021 - £9,346) in respect of these transactions.

During the year the Group provided consultation services for £6,758 to The Hurley Group. The amount of £1,200 was owed by The Hurley Group as at 31 March 2022.

As at 31 March 2022 the company owed £1,875 (2021 - £1,250 due to) to a company in which one director of the Group is director. During the year invoices were received totalling £7,500 (2021 - £24,807) in relation to consultancy services.

During the year, a consultancy service for £4,000 (2021 - £Nil) was provided by a company in which one director of the Group is director. As at 31 March 2022, there is no amount owed (2021 - £Nil) to the company.

Company

Other than the transactions disclosed above, the company's other related party transactions were with the wholly owned subsidiary. The Company has taken advantage of the exemption available in Financial Reporting Standard 102 Section 33 whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group.

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