

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
HEALTH CLINICS LIMITED**

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For The Year Ended 31 December 2020

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HEALTH CLINICS LIMITED
COMPANY INFORMATION
For The Year Ended 31 December 2020

DIRECTORS:

G Stoloff
R J Huston
D Monaghan
R G Bransgrove

REGISTERED OFFICE:

The Wallbrook Building
25 Wallbrook
London
EC4N 8AF

REGISTERED NUMBER:

08580083 (England and Wales)

AUDITORS:

Fortus Audit LLP
1 Rushmills
Bedford Road
Northampton
Northamptonshire
NN4 7YB

BALANCE SHEET
31 December 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Intangible assets	4		1,716		2,272
Tangible assets	5		7,790		13,250
Investments	6		<u>3</u>		<u>3</u>
			9,509		15,525
CURRENT ASSETS					
Debtors	7	293,931		366,028	
Cash at bank and in hand		<u>9,130</u>		<u>11,157</u>	
		303,061		377,185	
CREDITORS					
Amounts falling due within one year	8	<u>1,434,036</u>		<u>1,201,152</u>	
NET CURRENT LIABILITIES			(1,130,975)		(823,967)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(1,121,466)</u>		<u>(808,442)</u>
CAPITAL AND RESERVES					
Called up share capital	9		632,339		632,339
Share premium			799,897		799,897
Retained earnings			<u>(2,553,702)</u>		<u>(2,240,678)</u>
SHAREHOLDERS' FUNDS			<u>(1,121,466)</u>		<u>(808,442)</u>

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

In accordance with Section 444 of the Companies Act 2006, the Statement of Comprehensive Income has not been delivered.

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

G Stoloff - Director

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2020

1. STATUTORY INFORMATION

Health Clinics Limited is a private company, limited by shares, registered in England and Wales. The company's registered number, registered office address and place of business can be found on the company information page.

2. ACCOUNTING POLICIES**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about Health Clinics Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Turnover

Turnover represents net invoiced sales, excluding value added tax. Turnover is recognised at the point a patient leaves the clinic following their appointment.

Trademarks

Expenditure on trademarks are capitalised as an intangible asset and amortised over their expected useful lives.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- 2% on cost
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Computer equipment	- 25% on reducing balance

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued**Going concern.**

The accounts have been prepared on a going concern basis despite the balance sheet deficiency on the grounds that :-

a) the sales of the underlying clinical operations in 2021, as detailed in the note on Post Balance Sheet Events, mean that the company is now primarily a holding company;

b) the directors are confident that improvements to financial performance have resulted in sustainable operating profits and will continue to generate positive cash flow, which gives confidence that the clinics will perform well under their respective new owners and future performance related consideration will be realised;

c) and that the ultimate parent company, Peptcell Limited, will continue to provide future funding, sufficient to enable the company to meet its expenditure requirements and commitments as and when they fall due for at least the next 12 months. In addition, Peptcell Limited will not request repayment of its intercompany debt of £1,363,350 (at the balance sheet date) (2019: £1,035,050), or any further debt the company may incur with Peptcell Limited, if this would compromise the company in meeting its commitments as and when they fall due.

The directors have considered the impact of COVID-19 in relation to their assessment of going concern and in their opinion have taken all reasonable steps to mitigate these factors. As at the point of authorising the accounts, and for the foreseeable future, the directors consider the going concern assumption to still be appropriate. The directors acknowledge that given the currently rapidly changing business and social environment, there are likely to be significant unknown factors which may present themselves. Such factors are considered by the directors to represent a general inherent level of risk in relation to the going concern assumption albeit not quantifiable at this time.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 6 (2019 - 6) .

4. INTANGIBLE FIXED ASSETS

	Trade marks £
COST	
At 1 January 2020	
and 31 December 2020	<u>5,558</u>
AMORTISATION	
At 1 January 2020	3,286
Amortisation for year	<u>556</u>
At 31 December 2020	<u>3,842</u>
NET BOOK VALUE	
At 31 December 2020	<u>1,716</u>
At 31 December 2019	<u>2,272</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020

5. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2020	21,739	4,639	15,293	13,825	55,496
Additions	-	2,274	-	104	2,378
Disposals	-	-	(15,293)	(6,870)	(22,163)
At 31 December 2020	<u>21,739</u>	<u>6,913</u>	<u>-</u>	<u>7,059</u>	<u>35,711</u>
DEPRECIATION					
At 1 January 2020	21,739	3,463	11,173	5,871	42,246
Charge for year	-	690	-	1,659	2,349
Eliminated on disposal	-	-	(11,173)	(5,501)	(16,674)
At 31 December 2020	<u>21,739</u>	<u>4,153</u>	<u>-</u>	<u>2,029</u>	<u>27,921</u>
NET BOOK VALUE					
At 31 December 2020	<u>-</u>	<u>2,760</u>	<u>-</u>	<u>5,030</u>	<u>7,790</u>
At 31 December 2019	<u>-</u>	<u>1,176</u>	<u>4,120</u>	<u>7,954</u>	<u>13,250</u>

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2020 and 31 December 2020	<u>3</u>
NET BOOK VALUE	
At 31 December 2020	<u>3</u>
At 31 December 2019	<u>3</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	-	1,200
Amounts owed by group undertakings	9,373	-
Other debtors	<u>284,558</u>	<u>364,828</u>
	<u>293,931</u>	<u>366,028</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	11,651	85,862
Amounts owed to group undertakings	1,363,350	1,035,050
Taxation and social security	15,429	8,884
Other creditors	<u>43,606</u>	<u>71,356</u>
	<u>1,434,036</u>	<u>1,201,152</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020

9. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	2020 £	2019 £
30,000,000	A Ordinary	£0.01	300,000	300,000
284,234,449	B Ordinary	£0.00	284	284
33,205,466	C Ordinary	£0.01	332,055	332,055
			<u>632,339</u>	<u>632,339</u>

10. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Gary Woodhall ACA (Senior Statutory Auditor)
for and on behalf of Fortus Audit LLP

11. OTHER FINANCIAL COMMITMENTS

On the 8th October 2013 Health Clinics Limited entered into a service agreement with Biocopea Limited and Peptcell Limited. Under the service agreement the service providers will provide a variety of services to Health Clinics Limited in the course of its trade. The fees for such services amount to £8,000 per month per clinic. Such fees do not fall due and payable until Health Clinics Limited is EBITDA positive.

12. RELATED PARTY DISCLOSURES

During the year the company made purchases from its ultimate parent company Peptcell Limited of £10,383 (2019: £51,599). At the balance sheet date the company owed Peptcell £1,363,350 (2019: £1,035,050).

13. POST BALANCE SHEET EVENTS

In July 2021, Health Clinics Limited sold a majority stake in its wholly owned subsidiary Harley Street (CPC) Limited (owner of the new chronic pain clinic [brand name "LVL"]) to Vertigrow Technology Ltd, a member of the Celadon Pharma group. Health Clinics Limited continues to have an advisory role in the operations of this clinic.

In August 2021, Health Clinics Limited sold all of the Care Oncology Clinic's operating assets to Stage Zero Life Sciences Ltd. (StageZero), a Canadian company listed on the Toronto Stock Exchange. Health Clinics Limited received equity in Stage Zero Life Sciences Ltd (Ticker: SZLS.TO) as consideration for the sale. During a short transition period in which StageZero will secure the necessary registrations, Health Clinics Limited will continue to operate the Care Oncology clinic on behalf of Stage Zero Life Sciences. Once StageZero has secured the necessary permissions, Health Clinics Limited will have no further role in the operations of Care Oncology Clinic. All existing employees of Health Clinics Limited have transferred to the new owner as part of the transaction.

Following these disposals, Health Clinics Limited no longer has any clinics in operation or in development and is primarily a passive holder of shares in the companies listed above.

14. ULTIMATE CONTROLLING PARTY

The controlling party is Biocopea Limited.

The ultimate controlling party is Peptcell Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.