Company Registration No. 09427409

Drayson Technologies Limited

Annual Report and Financial Statements

Year ended 30 April 2018

Drayson Technologies Limited

Annual report and Financial Statements 30 April 2018

Drayson Technologies Limited

Annual report and Financial Statements 30 April 2018

Officers and professional advisers

Directors

Lord P R Drayson
Lady E J Drayson (resigned 6 September 2018)
L Headley
M Pinuela Rangel (resigned 27 July 2018)
G M Saul (resigned 20 September 2018)
Professor J I Bell (resigned 25 September 2018)
B R Andrews (resigned 6 September 2018)
A M Gilbert (resigned 26 September 2018)
C S W Swingland (resigned 6 September 2018)

Company Secretary

J O Miller (resigned 31 January 2018)

Registered Office

Schrödinger Building
Heatley Road
Oxford Science Park
Oxford
England
OX4 4GE

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH
United Kingdom

Drayson Technologies Limited

Directors' report

The Directors present their annual report and the audited consolidated and separate Financial Statements of Drayson Technologies Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 30 April 2018. The Company is incorporated and domiciled in the UK.

Directors

The names of the present Directors of the Company and who served throughout the period and up to the date of signing are shown on page 1.

Directors' indemnities

The Company has qualifying third party indemnity provisions for the benefit of its Directors which remained in force throughout the period and at the date of this report.

Results and dividends

The overall result for the Group is a loss for the financial year of £49,844k (2017: £7,305k). The Group has not proposed a dividend in the period (2017: £nil). Net assets at the year end were £12,215k (30 April 2017: £46,472k).

Future developments of the Group are disclosed in the Strategic Report.

Going concern and financial risk management

The Directors, having made suitable enquiries and analysis of the Financial Statements and cash flow projections, including the consideration of cash reserves and continued cash generation and expenditure, have determined that the Group has adequate resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing these Financial Statements.

Financial risk management objectives and policies

The Directors have identified a number of financial risk management objectives and policies which are set out in the Strategic Report on page 5.

Disabled employees

The Group's policy is one of equal opportunity in the selection, training, career development and promotion of staff. The Group has a policy not to discriminate against disabled employees for those vacancies that they are able to fill and will provide facilities, equipment and training to assist any disabled persons employed. Arrangements will be made, wherever possible, for re-training employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employees

The Group's policy is to consult and engage with employees, by way of meetings and through personal contact by Directors, matters likely to affect employees' interests. Information on matters of concern to employees is given in meetings which seek to achieve a common awareness on the part of all employees on the financial, economic and operational factors affecting the Group.

Corporate Governance

As at 30 April 2018, the Board of Directors comprised 3 Executive Directors and 6 independent Non-Executive Directors. The Company holds board meetings regularly throughout the year at which financial and other reports are considered. The Board is responsible for formulating, reviewing and approving the Group's strategy and significant decisions

Drayson Technologies Limited

Directors' report (continued)

The committees of the Board

The following committees assisted the Board in fulfilling its responsibilities during the year:

Audit committee

The members of the audit committee were Charles Swingland, Gordon Saul and Bowker Andrews, who chairs the committee. The committee met twice during the year to fulfil its duties. Executive directors and external auditors attended meetings by invitation. The committee is comprised of independent Non-Executive directors only and its terms of reference are to promote appropriate standards of integrity, financial reporting, risk management and internal controls. This committee is responsible for overseeing the involvement of the Group's auditors in the planning and review of the Group's Financial Statements, any other formal announcements relating to the Group's financial performance, for recommending the appointment and fees of its auditors, and for discussing with the auditors the findings of the audit and issues arising from the audit. The committee considers the independence and objectivity of the auditors with regard to the way in which they conduct their audit duties.

Remuneration committee

The members of the remuneration committee in the period were Andrew Gilbert (chairman), Elspeth Drayson, John Bell, Bowker Andrews and Charles Swingland. The committee met twice during the year to fulfil its duties. The committee determines and agrees with the board the framework or broad policy for the remuneration of the Company's Chief Executive, Chairman, Executive Directors and other members of the executive management; approves the design of, and determines targets for, any performance related pay schemes operated by the Company and approves the total annual payments made under such schemes; and reviews the design of all share incentive plans and determines each year the overall amount of any awards, the individual awards to executive directors and other senior executives, and the performance targets to be used.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Drayson Technologies Limited

Directors' report (continued)

In the case of each director in office at the date the Directors' Report is approved:

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

This report was approved by the Board on 31 January 2019.

On behalf of the Board

Lord Drayson PhD FREng
Director

Strategic report

The Strategic report is prepared in accordance with s414(c) of the Companies Act 2006.

Business review, principal activities, key performance indicators and future developments

During the period the Group has been undertaking research, development and commercialisation of several different technologies and products related to energy harvesting and healthcare. Following the year-end those related to healthcare have been listed on the London Stock Exchange, with the remaining items divested into a separate vehicle (note 27).

The key performance indicator of the Company in the period was the research and development of its technology and products. Research and development is taking place on a number of product offerings some of which are active products and a number of which are expected to lead to future products available for sale. During the period ended 30 April 2018, the Group invested £4.3m (2017: £3.3m into research and development which was not capitalised, in addition to which a further £0.6m (2017: £1.8m) has been capitalised in the period.

Principal risks and uncertainties

The Group's activities expose it to a number of financial risks with actions identified to monitor and manage them.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will have sufficient financial resources and liquidity to ensure to meet its liabilities as they fall due without incurring unacceptable losses or risking reputational damage. The Group reviews cash flow forecasts on a regular basis to ensure that this is sufficiently well managed.

Retention of key staff members

The loss of key individuals and the inability to recruit suitable replacements with the right skills and experience could adversely impact on the Group's performance. To manage this risk, the Group regularly reviews its reward structure to keep it comparable to the market rate.

Innovation

There is a risk that the Group may fail to continually innovate and develop its offerings. The Company regularly reviews its research & development pipeline and progress in order to ensure that this risk is minimised where possible.

Credit risk

The Group's credit risk is primarily attributable to cash. The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or banks that have been financed by their government.

The majority of the Group's other receivables are due from "Blue Chip" organisations or equivalents where the risk of default is considered low.

Health, safety and environment

The Group is committed to best practise in health, safety and environmental matters. In addition to seeking compliance with existing legislation and regulations, the Group pursues policies aimed at achieving the standards expected of a responsible organisation such as recycling and responsible travel.

Employee diversity

The Group is committed to a policy of equal opportunity in all aspects of recruitment and employment, regardless of age, gender, marital status religion or similar belief, race, colour, ethnic origin, nationality, sexual orientation or disability.

Capital management policy

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders. The Group closely monitors capital expenditure and cashflow as part of the Group's capital management policy.

Drayson Technologies Limited

Strategic report (continued)

This report was approved by the Board on 31 January 2019.

On behalf of the Board

Lord Drayson PhD FREng
Director

Independent auditors' report to the members of Drayson Technologies Limited

Report on the audit of the financial statements

Opinion

In our opinion, Drayson Technologies Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2018 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 April 2018; the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Drayson Technologies Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 the directors either intend to liquidate the group or the 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

31/1/19

Drayson Technologies Limited

Consolidated statement of comprehensive income
Year ended 30 April 2018

	Note	**Year ended 30 April 2018 £'000**	Year ended 30 April 2017 £'000
Revenue	4	340	252
Cost of sales		(297)	(110)
Gross profit		**43**	**142**
Research and development		(4,294)	(3,336)
Sales and marketing		(1,461)	(1,302)
Other general and administration		(4,640)	(3,705)
Other general and administration – exceptional items	7	(40,013)	-
Operating loss	5	**(50,365)**	**(8,201)**
Operating loss before exceptional items		(10,352)	(8,201)
Other general and admin - exceptionals	7	(40,013)	-
Loss on ordinary activities before interest and taxation		**(50,365)**	**(8,201)**
Other income	10,11	497	875
Finance income	6	24	23
Loss on ordinary activities before taxation		**(49,844)**	**(7,303)**
Loss for the financial year		**(49,844)**	**(7,303)**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		-	(2)
Total comprehensive expense for the year		**(49,844)**	**(7,305)**

All results are derived from continuing operations.

Drayson Technologies Limited

Consolidated balance sheet
As at 30 April 2018

	Note	**30 April 2018 £'000**	30 April 2017 £'000
Non-current assets			
Other intangible assets	14	5,416	2,297
Goodwill	12	2,500	41,180
Property, plant and equipment	15	235	280
Long term deposits		116	116
		8,267	**43,873**
Current assets			
Inventory	16	93	790
Trade and other receivables	17	793	376
Cash and cash equivalents		4,687	3,036
		5,573	**4,202**
Current liabilities	18	(1,593)	(1,591)
Net current assets		**3,980**	**2,611**
Total assets less current liabilities		**12,247**	**46,484**
Provision for liabilities	19	(32)	(12)
Net assets		**12,215**	**46,472**
Equity			
Ordinary shares	21	19	17
Share premium account	22	40,034	24,450
Translation reserve		(3)	(3)
Retained earnings	22	(27,835)	22,008
Total equity		**12,215**	**46,472**

The notes on pages 15 to 37 are an integral part of these Financial Statements.

These Financial Statements of Drayson Technologies Limited (DTL), registered number 09427409, on pages ~~10~~ 9 to ~~40~~ 37, were approved by the Board of Directors and authorised for issue on 31 January 2019.

Signed on behalf of the Board of Directors

Lorimer Headley MA (Hons), CA
Director

Drayson Technologies Limited

Company balance sheet
As at 30 April 2018

	Note	**30 April 2018 £'000**	30 April 2017 £'000
Non-current assets			
Investments in subsidiaries	13	42,502	42,501
Other intangible assets	14	4,116	33
Trade and other receivables	17	34,758	24,187
		81,376	**66,721**
Current liabilities	18	(37)	(37)
Net assets		**81,339**	**66,684**
Equity			
Ordinary shares	21	19	17
Share premium	22	40,034	24,450
Retained earnings	22	41,286	42,217
Total equity		**81,339**	**66,684**

The Company's loss for the year was £932k (2017: £17k).

The notes on pages 15 to 37 are an integral part of these Financial Statements.

These Financial Statements of DTL, registered number 09427409, on pages ~~10~~ 9 to 37, were approved by the Board of Directors and authorised for issue on 31 January 2019.

Signed on behalf of the Board of Directors

Lorimer Headley MA (Hons), CA
Director

Drayson Technologies Limited

Consolidated statement of changes in equity
Year ended 30 April 2018

	Note	*Ordinary shares* *£'000*	*Share Premium* *£'000*	*Other Reserves* *£'000*	*Retained Earnings* *£'000*	*Total* *£'000*
At 1 May 2016		16	(1)	23,435	29,311	52,761
Loss for the financial year		-	-	-	(7,303)	(7,303)
Exchange differences on translation of foreign currency operation		-	(2)	-	-	(2)
Total comprehensive expense for the year		-	(2)	-	(7,303)	(7,305)
Shares issued		1	-	1,015	-	1,016
Credit in respect of employee share schemes		-	-	-	-	-
Balance as at 30 April 2017		**17**	**(3)**	**24,450**	**22,008**	**46,472**
Loss for the financial year		-	-	-	(49,844)	(49,844)
Exchange differences on translation of foreign currency operation		-	-	-	-	-
Total comprehensive expense for the year		-	-	-	**(49,844)**	**(49,844)**
Shares issued		2	-	15,584	-	15,586
Credit in respect of employee share schemes		-	-	-	1	1
Balance as at 30 April 2018		**19**	**(3)**	**40,034**	**(27,835)**	**12,215**

Ordinary shares represent the amount subscribed for share capital.

Ordinary shares to be issued represents the amount subscribed for share capital which has been committed to but not yet issued.

Translation reserve represents foreign exchange adjustments on the consolidation of foreign subsidiaries.

Share premium represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Retained earnings represents all other net gains and losses and transactions with owners not recognised elsewhere.

Drayson Technologies Limited

Company statement of changes in equity
Year ended 30 April 2018

	Note	*Ordinary shares* *£'000*	*Share Premium* *£'000*	*Retained Earnings* *£'000*	*Total* *£'000*
At 1 May 2016		16	23,435	42,234	65,685
Loss for the financial year		-	-	(17)	(17)
Total comprehensive expense for the year		-	-	(17)	(17)
Shares issued		1	1,015	-	1,016
Balance as at 30 April 2017		**17**	**24,450**	**42,217**	**66,684**
Loss for the financial year		-	-	(932)	(932)
Total comprehensive expense for the year		-	-	**(932)**	**(932)**
Shares issued		2	15,584	-	15,586
Credit in respect of employee share schemes		-	-	1	1
Balance as at 30 April 2018		**19**	**(40,034)**	**41,286**	**81,339**

Ordinary shares represent the amount subscribed for share capital.

Ordinary shares to be issued represents the amount subscribed for share capital which has been committed to but not yet issued.

Share premium represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Retained earnings represents all other net gains and losses and transactions with owners not recognised elsewhere.

Drayson Technologies Limited

Consolidated cash flow statement
Year ended 30 April 2018

	Note	**Year ended 30 April 2018 £'000**	Year ended 30 April 2017 £'000
Loss for the financial year		(49,844)	(7,303)
Corporation tax credit	10,11	(497)	(875)
Finance income and finance cost	6	(24)	(23)
Operating loss		**(50,365)**	**(8,201)**
Adjustments for:			
Amortisation of other intangible assets	14	2,083	1,079
Depreciation of fixed assets	15	131	110
Impairment of goodwill	12	38,680	-
Impairment of intangible assets	14	631	-
Operating loss before movements in working capital		**(8,840)**	**(7,012)**
Decrease in inventories	16	697	118
Increase in trade and other receivables	17	(417)	715
Increase in trade and other payables	18	23	(1,293)
Cash used in operating activities		**(8,537)**	**(7,472)**
Research and development tax credit	11	497	875
Finance income	6	24	23
Net cash outflow from operating activities		**(8,016)**	**(6,574)**
Investing activities			
Purchase of property, plant and equipment	15	(86)	(94)
Purchase of other intangible assets	14	(833)	(631)
Net cash outflow from investing activities		**(919)**	**(725)**
Financing activities			
Proceeds from the issue of share capital	21	10,660	1,015
Financing and share issue costs		(74)	-
Net cash inflow from financing activities		**15,586**	**1,015**
Net (decrease) / increase in cash and cash equivalents		**1,651**	**(6,284)**
Cash and cash equivalents at start of year		**3,036**	9,320
Cash and cash equivalents at end of year		**4,687**	**3,036**

1. General Information

The Group is a private Group limited by shares and is incorporated and domiciled in the UK; the registered address of the Group is disclosed on page 1.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been applied consistently to the period presented, unless otherwise stated.

Basis of preparation

The Group Financial Statements consolidate those of the Company and its subsidiaries. The parent Company Financial Statements present information about the Company as a separate entity and do not include information pertaining to the rest of the Group.

The Financial Statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs adopted by the EU), IFRS Interpretations Committee (IFRS IC) Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

These consolidated Financial Statements have been prepared in UK Sterling, which is the Company's functional currency and under the historical cost accounting rules.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 2.

The Company has taken advantage of the exemption to prepare the Statement of Comprehensive Income under section 408 of the Companies Act 2006. The loss for the Company for the year ending 30 April 2018, dealt with in its Financial Statements, was £932k (period ending 30 April 2017: loss of £17k).

The Company does not have a bank account therefore no cash flow statement has been prepared.

New standards

At the date of authorisation of these Financial Statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective. The Company has not adopted early any of these pronouncements. The new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements in the future are as follows:

IFRS 15 Revenue from Contracts with Customers

IFRS 16 Leases

IFRS 9 Financial Instruments

With the exception of IFRS 15 and IFRS 16, the Directors anticipate that the adoption of these standards and interpretations in future years will have no material impact on the financial statements.

The business is working towards the implementation of IFRS 15 on 1 May 2018 and has carried out a review of existing contractual arrangements as part of this process. The Directors anticipate that whilst IFRS 15 may impact the timing of recognition of revenue, there would have been no material impact on revenue recognised in the 2018 financial year. Any impact is likely to be related to the rendering of services.

IFRS 16 assesses the use of off-balance sheet leases, bringing most lessee leases on-balance sheet and eliminating the distinction between operating and finance leases. The business is yet to assess the full impact of the standard.

IFRS 9 is not expected to have a material impact on the financial statements as a whole.

2. Summary of significant accounting policies (continued)

Revenue

Revenue comprises the fair value of consideration received or receivable for licence income and the rendering of services in the ordinary course of the Group's activities. Revenue is shown net of value added tax and trade discounts. Income is reported as follows:

a) Licence income

Technology and product licensing revenue represents amounts earned for licences granted under licensing agreements, including up-front payments. Revenues are recognised when the Group's obligations related to the revenues have been completed.

b) Rendering of Services

Services relate to implementation and deployment fees for the technology and products licensed to customers. Revenue is recognised in the accounting periods in which the services are rendered.

Inventory

Inventory comprises goods for sale and are stated at the lower of cost and net realisable value. Inventories are valued using a weighted average cost method. Cost is calculated to include, where applicable, duties, handling, transport and directly attributable costs in bringing the inventories to their present location and condition. Net realisable value is based on estimated normal selling prices less further costs expected to be incurred in selling and distribution.

Provisions are made where necessary for obsolescence.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental costs under operating leases are charged to the consolidated income statement (the "income statement") over the length of the lease. The cost of assets held under finance leases is included under tangible fixed assets and depreciation is provided in accordance with the Group's accounting policy for that class of asset. The capital element of future lease payments is included in creditors. The interest cost is allocated to accounting periods based on the outstanding capital element of the lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

a) Current tax

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

2. Summary of significant accounting policies (continued)

b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Investment in subsidiaries

Investments in subsidiaries are held at cost less any accumulated impairment losses.

Intangible assets

a) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Company's development is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Drayson Technologies Limited

Notes to the Financial Statements (continued)
Year ended 30 April 2018

2. Summary of significant accounting policies (continued)

Intangible assets are amortised on a straight-line basis over their expected useful life over 3 years once fully completed and the amortisation is classified within research and development or general and administrative expenses in the income statement.

b) Software Licences

Acquired software licences are stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, on a straight-line basis and is classified within research and development expenses in the income statement.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

c) Other licences

Other licences are perpetual licences acquired from third parties for products. These licences are deemed to have a finite life useful life and are carried at cost less accumulated amortisation. The licences are amortised over the shorter of their estimated useful life, or 5 years, on a straight line basis and is classified within research and development within the income statement.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

d) Intellectual property

Intellectual property comprising patents and trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of intellectual property over their estimated useful lives, subject to any additional impairment that might arise and is classified within research and development in the income statement. The estimated useful lives of patents are as follows:

Patents - 5 years on a straight line basis
Trademark - 5 years on a straight line basis

Until an item of intellectual property is granted and registered, costs are capitalised and are not amortised until the assets has been fully developed and are operational.

Property, plant and equipment

Property, plant and equipment assets are carried at historical cost less accumulated depreciation and any recognised impairment in value. Depreciation is classified in the respective income statement category (Other general and administration, Research and development) to which it specifically relates. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, using the straight-line method, with the annual rates applicable to the principal categories being:

Leasehold improvements – up to 3 years
Fixtures and fittings – up to 5 years
Plant and machinery – up to 3 years

At each balance sheet date, property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future

2. Summary of significant accounting policies (continued)

pre-tax cash flows of the relevant cash-generating unit or fair value, less costs to sell, if higher. Any impairment in value is charged to the income statement in the period in which it occurs.

Long-term deposits

Long term deposits are rent deposits which are receivable in more than one year from the period end.

Financial instruments

a) Trade receivables

Trade receivables are measured at initial recognition, do not carry any interest and are stated at their fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is evidence that the asset is impaired.

b) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

c) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

d) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Provisions for liabilities

Provisions are recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are recognised in the income statement.

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Statements are presented in Pounds Sterling (GBP), which is the Group's functional and presentation currency.

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period.

2. Summary of significant accounting policies (continued)

Share-based payments

The Company operates an equity-settled, shared based compensation plan, under which it receives services from employees of the Group as consideration for equity instruments (options) of DTL. The awards are granted by DTL to employees of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. A credit is recognised directly in shareholders' funds. The total amount to be expensed is determined by reference to the fair value of the options granted. The total expense is recognised over the vesting period, which is the period over which all of the specified conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any in the income statement, with a corresponding entry to equity. When the options are exercised, the Group subsidiaries are recharged the options' original fair value as of the grant date from DTL, the recharge is accounted for as a deduction from shareholders' funds and settled on an equity basis.

Exceptional Items

The Group considers exceptional items to be those which derive from events or transactions which are significant for separate disclosure by virtue of their size or incidence in order for the user to obtain a proper understanding of the Group's financial performance. These items include, but are not limited to, impairment charges and reorganisation costs.

3. Critical accounting judgements and sources of estimation uncertainty

The preparation of Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Significant items subject to such assumption and estimate include the useful economic life of assets; the measurement and recognition of provisions; the recognition of deferred tax assets; and the liabilities for potential corporation tax. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

The most critical accounting policies in determining the financial condition and results of the Group are those requiring the greatest degree of subjective or complex judgement. These relate to valuation of goodwill and acquired intangible assets, inventory valuation and taxation.

a) Goodwill, intangible assets and property, plant and equipment impairment reviews

The Company is required to test goodwill annually to determine if any impairment has occurred.

Property, plant and equipment and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

When a review for impairment is conducted the recoverable amount of an asset or a cash-generating unit is determined based on the higher of market value or value-in-use calculations prepared on the basis of management's assumptions and estimates.

b) Inventory valuation

Inventory is carried at the lower of cost and net realisable value which requires the estimation of the eventual sales price of goods to customers in the future. Any difference between the expected and the actual sales price achieved will be accounted for in the period in which the sale is made.

3. Critical accounting judgements and sources of estimation uncertainty (continued)

c) Provisions

Provisions have been estimated for warranty claims against items sold in the period. These provisions represent the best estimate of the liability at the time of the balance sheet date, the actual liability being dependent on future events such as economic environment and marketplace demand. Expectations will be revised each period until the actual liability arises, with any difference accounted for in the period in which the revision is made.

d) Share based payments

Estimates have been made in the period around the fair value of share options granted to employees of the Group for services rendered and expected to vest based on non-market conditions.

There are no critical accounting judgments.

4. Revenue

Revenue represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and Value Added Tax.

All turnover arose from the principal activity of the business. The origin of revenue is:

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
United Kingdom	235	146
Rest of World	105	106
	340	**252**

Drayson Technologies Limited

Notes to the Financial Statements (continued)
Year ended 30 April 2018

5. Operating loss

Operating loss is stated after charging:

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Cost of sales, excluding wages and salaries	135	-
Wages, salaries, pensions and social security (excluding amounts capitalised)	3,936	4,344
Consultant fees	1,414	1,139
Premises expenses	647	471
Professional fees	819	270
Recruitment expenses	370	69
Travel and expenses	261	105
IT expenses	479	325
Amortisation and depreciation	2,214	1,189
Auditors' fees - fees payable to Company's auditors for the audit of the Company's annual financial statements	56	55
Auditors' fees - non-audit fees including taxation and other services	10	15
Exceptional items for the write down of inventory and impairment of goodwill and other intangible assets and fundraising fees (note 7)	40,013	-
Other costs	351	471
	50,705	**8,453**

6. Finance income

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Bank interest receivable	24	23
	24	**23**

7. Exceptional costs

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Write down of inventories	613	-
Impairment of intangible assets	631	-
Fundraising costs	89	-
Impairment of goodwill (note 12)	38,680	-
	40,013	-

7. Exceptional costs (continued)

Impairment reviews in respect to the carrying values of inventories and intangible assets were performed at the reporting date. This resulted in a write down of certain assets down to their recoverable values. The impairment of intangible assets specifically relates to development costs previously capitalised in prior years that is deemed to no longer meet the relevant criteria as well as trademarks and patents that no longer generate an economic benefit. Fundraising costs relate to expenses relating to the Series C fundraising that was completed in the year.

8. Employees and staff costs

Staff costs, including Directors, comprised the following:

	Group		**Company**	
	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000	**Year ended 30 April 2018 £'000**	Year ended 30 April 2017 £'000
Wages and salaries	4,271	3,675	139	158
Social security costs	508	507	15	17
Other pension costs	150	92	-	-
Share based payment	1	-	-	-
	4,930	**4,274**	**154**	**175**

Total pension contributions outstanding at 30 April 2018 was £26k (30 April 2017: £19k). All pension expenses relate to the Group's defined contribution scheme.

Headcount	**Group**		**Company**	
	Year ended 30 April 2018 Number	Year ended 30 April 2017 Number	**Year ended 30 April 2018 Number**	Year ended 30 April 2017 Number
Manufacturing	-	1	-	-
Research and development	27	22	-	-
Sales and marketing	8	7	-	-
Other general and administration	17	16	4	4
	52	**46**	**4**	**4**

9. Directors' and key management personnel remuneration

Directors' remuneration comprised the following:

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Emoluments	1,044	1,464
Other pension costs	53	38
	1,097	**1,502**

3 (2017: 3) Directors exercised share options during the year, exercising a total of 13,305 share options (2017: 25,862).

During the year, the Group incurred Directors' fees for services rendered of £23k (2017: £49k) from Gordon Saul, a Director of the Company. Included in accruals at the balance sheet date is an amount of £27k (30 April 2017: £nil) to the related party.

Remuneration of the highest paid Director comprised the following:

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Emoluments	424	507
Other pension costs	29	17
	453	**524**

The highest paid Director is accruing share options as part of the scheme open to employees of the Group however exercised no options in the period. The terms of the scheme are detailed in Note 21.

As at 30 April 2018, there are 3 key management personnel in addition to the Directors (2017: 2). Emoluments for key management personnel were £672k (2017: £287k) and other pension costs were £11k (2017: £6,800). Amounts outstanding at year end for key management personnel include £71k (2017: £nil) payable to Translation Ventures Limited, for the services of Dr David Brindley, the Group's Chief Science Officer.

10. Other income

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Research and development tax credit	497	875
	497	**875**

Other income relates to research and development tax credits for qualifying expenditure incurred in the year.

11. Tax on profit on ordinary activities

Tax expense included in profit or loss:

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Current tax	-	-
Prior year adjustment in respect of research & development tax credit	-	-
Total tax credit	-	-

Factors affecting the tax charge for the year:

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Loss on ordinary activities before taxation	(49,844)	(8,178)
Tax on profit on ordinary activities before taxation at the UK rate of corporation tax 19% (2017: 19.92%)	(9,470)	(1,629)
Expenses not deductible for tax purposes	45	13
Research and development incentive	(118)	-
Share options	-	-
Timing differences	120	72
Deferred tax not recognised	9,183	1,589
Difference in overseas tax rate	(34)	(45)
Effect of rate change	-	-
Prior year adjustment in respect of research & development tax credit	(223)	(875)
Income not subject to tax	497	875
Total tax credits	-	-

At the year-end date the Group has unused United Kingdom tax losses available for offset against suitable future profits in the United Kingdom. A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams. The deferred tax asset at 17% (2017: 17%) is estimated to be £4,956k (2017: £3,638k).

The Group continue to monitor the progress of tax legislation though the UK Parliament.

At 30 April 2018, the Group had tax losses to be carried forward of approximately £29,129k.

In the Budget on 8 July 2015, the UK Government proposed to reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. These rates were substantively enacted in the Finance Bill 2015 on 26 October 2015.

In March 2016, the UK Government announced that the reduction in the main rate from 1 April 2020 would be 2%, resulting in a rate of 17%. This rate change was subsequently enacted in the Finance Bill 2016 on 15 September 2016.

12. Goodwill

	Group £'000
Net book value of goodwill at 1 May 2017	41,180
Impairment charge	(38,680)
Net book value of goodwill at 30 April 2018	**2,500**

The Group accounts for acquisitions in accordance with IFRS 3 Business Combinations. IFRS 3 requires the acquirer's identifiable assets, liabilities and contingent liabilities (other than non-current assets or disposal groups held for sale) to be recognised at fair value at acquisition date.

In February 2015, the group of companies of which the Company's subsidiary Drayson Technologies (Europe) Limited ('DTEL') formed part, conducted a reorganisation that demerged its motor racing activities which had formerly been conducted by companies within that group.

This resulted in the formation of the Company in February 2015, following which it acquired 100% of DTEL for consideration of £42,500k.

A restructuring of the Group was completed after 30 April 2018, see note 27 for further details. The recoverability of goodwill has been assessed on the basis of market value. The goodwill that is considered in this note solely relates to the activities of the business other than the Health business, and forms the cash generating unit ('CGU') to which the Goodwill relates. In the note 27, the board's intention to spin out the Health business is clear. Considering the structure and focus of the Group, the decision has been taken to write down goodwill to the carrying value of £2.5m, which reflects the board's and management's valuation,, and as detailed in note 27 was the value thsose operations were transferred out of the Group on 8 August 2018 at no gain or loss.

13. Investments in subsidiaries

The movements on investments in subsidiaries is as follows:	**Company 30 April 2018 £'000**
At 1 May 2017	42,501
Capital contributions	1
At 30 April 2018	**42,502**

At 30 April 2018, the Group had the following subsidiaries:

Name	**Country of incorporation**	**% of shares owned by Company and Group**	**Registered office**
Drayson Technologies (Europe) Limited	UK	100%	332 Ladbroke Grove, London, W10 5AD, UK
Drayson Technologies Inc	USA	100%	3500 South Dupont Highway, City of Dover, County of Kent, 19901, USA
Drayson Technologies Mexico S.A de C.V	Mexico	100%	29, floor 10-B, Colonia Polanco V Seccion, C.P. 11560, Mexico City
Drayson Technologies (Services) Mexico S.A de C.V	Mexico	100%	29, floor 10-B, Colonia Polanco V Seccion, C.P. 11560, Mexico City
Sensyne Health Group Limited (previously Drayson Health Limited)	UK	100%	Schrödinger Building, Heatley Road, Oxford Science Park, Oxford, England, OX4 4GE

All subsidiaries are trading companies involved in the Business-to-Business and Business-to-Consumer sale of the Group's products and services.

Drayson Technologies Limited

Notes to the Financial Statements (continued)
Year ended 30 April 2018

14. Other intangible assets

Group	Software Licences £'000	Other Licences £'000	Development costs £'000	Trademarks & patents £'000	**Total** **£'000**
Cost					
At 1 May 2017	**287**	**50**	**3,162**	**671**	**4,170**
Additions	11	5,042	613	167	5,833
Impairments	-	-	(2,014)	(138)	(2,152)
At 30 April 2018	**298**	**5,092**	**1,761**	**700**	**7,851**
Accumulated amortisation and impairment					
At 1 May 2017	**103**	**2**	**1,699**	**69**	**1,873**
Amortisation charge	75	927	979	102	2,083
Impairment	-	-	(1,515)	(6)	(1,521)
At 30 April 2018	**178**	**929**	**1,163**	**165**	**2,435**
Net book value					
At 30 April 2018	**120**	**4,163**	**598**	**535**	**5,416**
At 30 April 2017	184	48	1,463	602	2,297

Other licences are rights to commercialise digital health products and capitalised Strategic Research Agreements (SRAs). The SRA has a remaining useful life of 4 years and 1 month from the date of acquisition in June 2017. This resulted in an additional intangible asset of £5million, which was acquired through invested capital.

The development costs relate to capitalised research and development costs that meet the criteria for capitalisation set out in accounting policies.

Trademarks and patents are capitalised legal and registration costs for various patents and trademarks that the business obtains to protect its intellectual property. Amortisation is charged once the application is granted and secured.

Drayson Technologies Limited

Notes to the Financial Statements (continued)
Year ended 30 April 2018

14. Other intangible Assets (continued)

Company	Trademarks & patents £'000	Other Licences £'000	**Total £'000**
Cost			
At 1 May 2017	33	-	33
Additions	-	5,000	5,000
At 30 April 2018	**33**	**5,000**	**5,033**
Accumulated amortisation and impairment			
At 1 May 2017	-	-	-
Amortisation charge	-	917	917
At 30 April 2018	**-**	**917**	**917**
Net book value			
At 30 April 2018	**33**	**4,083**	**4,116**
At 30 April 2017	33	-	33

15. Property, plant and equipment

Group	Leasehold improvements £'000	Fixtures and fittings £'000	Plant and machinery £'000	**Total £'000**
Cost				
At 1 May 2017	69	124	261	454
Additions	-	70	16	86
Disposals	-	(1)	-	(1)
At 30 April 2018	**69**	**193**	**277**	**539**
Accumulated depreciation and impairment				
At 1 May 2017	20	74	80	174
Charge for the year	22	51	58	131
Disposals	-	(1)	-	(1)
At 30 April 2018	**42**	**124**	**138**	**304**
Net book value				
At 30 April 2018	**27**	**69**	**139**	**235**
At 30 April 2017	49	50	181	280

Drayson Technologies Limited

Notes to the Financial Statements (continued)
Year ended 30 April 2018

16. Inventory

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Components	79	200
Inventories held on client premises	4	19
Finished goods and goods for resale	10	571
	93	**790**

Inventory expensed to the income statement for sales and marketing totalled £64k (2017: £151k).

17. Trade and other receivables

	Group 30 April 2018 £'000	Group 30 April 2017 £'000	**Company 30 April 2018 £'000**	Company 30 April 2017 £'000
Amounts falling due within one year:				
Trade receivables	67	77	-	-
Other receivables	251	161	-	-
Prepayments and accrued income	201	138	-	-
Corporation tax credit for research and development	274	-	-	-
	793	**376**	-	-
Amounts falling due after one year:				
Amounts due from group undertakings and related parties	-	-	34,758	24,187

All amounts owed to group undertakings are unsecured, repayable on demand and interest free.

18. Current liabilities

	Group 30 April 2018 £'000	Group 30 April 2017 £'000	**Company 30 April 2018 £'000**	Company 30 April 2017 £'000
Amounts falling due within one year:				
Other payables	34	30	-	-
Trade payables	582	466	22	22
Amounts owed to related parties	-	161	-	-
Taxation and social security	136	125	-	-
Accruals and deferred income	841	809	15	15
	1,593	1,591	**37**	**37**

19. Provisions for liabilities

The movements on total provisions is as follows:	**Group 30 April 2018 £'000**
At 1 May 2017	**12**
Charged to income statement	20
Utilised in the year	-
At 30 April 2018	**32**

The provision made is in respect of anticipated warranty claims made against items sold in the year.

Following the year end, an agreement was reached to change the terms of a Manufacturing contract, which resulted in a net economic outflow to the Company of £20k. This was provided for during the year.

20. Financial Instruments

The Group and Company have the following financial assets whose carrying amount and fair values were as follows.

	Group at 30 April 2018 £'000	Group at 30 April 2017 £'000	**Company at 30 April 2018 £'000**	Company at 30 April 2017 £'000
Financial assets: Loans and receivables				
Trade receivables	67	77	-	-
Other receivables	251	161	-	-
Amounts due from group undertakings	-	-	34,758	24,187
Cash and cash equivalents	4,687	3,036	-	-
	5,005	**3,274**	**34,758**	**24,187**

Neither the Company nor the Group hold any other form of financial assets. No assets require impairment.

The ageing of trade receivables at the year end was as follows:

	Gross	**Impairment provision**	Gross	Impairment provision
	Group at 30 April 2018 £'000	**Group at 30 April 2018 £'000**	Group at 30 April 2017 £'000	Group at 30 April 2017 £'000
Trade receivables				
Not overdue	67	-	55	-
Overdue	49	(49)	22	-
	116	**(49)**	77	-

20. Financial Instruments (continued)

The Group and Company have the following financial liabilities whose carrying amount and fair values were as follows.

Financial liabilities: Amortised cost	**Group 30 April 2018 £'000**	Group 30 April 2017 £'000	**Company 30 April 2018 £'000**	Company 30 April 2017 £'000
Other payables	34	30	-	-
Trade payables	582	466	22	22
Amounts owed to related parties	-	161	-	-
	616	**657**	**22**	**22**

Neither the Company nor the Group hold any other form of financial liabilities.

21. Ordinary shares

Group and Company	**30 April 2018**		30 April 2017	
	Number of shares '000	**Nominal value £'000**	Number of shares '000	Nominal value £'000
Authorised, allotted and fully paid				
Ordinary shares of £0.01 each	105	1	75	1
Preferred "A" shares of £0.01 each	1,127	11	1,127	11
Preferred "B" shares of £0.01 each	465	5	465	5
Preferred "C" shares of £0.01 each	212	2	-	-
	1,909	**19**	1,667	17

Preferred "A" shares have full rights but in the case of capital distributions will rank ahead of Ordinary shares and behind Preferred "B" shares (including on winding up, on sale of the Company and on the public flotation of the Company). Preferred "B" shares have full rights but in the case of capital distributions will rank ahead of Ordinary shares and ahead of Preferred "A" shares (including on winding up, on sale of the Company and on the public floatation of the Company). Preferred "C" shares have full rights but in the case of capital distributions will rank ahead of Ordinary shares, Preferred "A" shares and Preferred "B" shares (including on winding up, on sale of the Company and on the public floatation of the Company).

During the year the Company issued 212,277 £0.01 Preferred "C" shares at £73.77 per share for a total consideration of £15,660k fully paid up. Transaction costs of £74k have been offset against the Share Premium account in accordance with IAS 32 'Financial instruments: Presentation'.

During the year the Company issued 30,008 £0.01 Ordinary shares at £0.01 per share for total consideration of £300 fully paid up.

22. Retained earnings and other reserves

Retained Earnings	Group 30 April 2018 £'000	Group 30 April 2017 £'000	Company 30 April 2018 £'000	Company 30 April 2017 £'000
At start of year	22,008	29,311	42,217	42,234
Loss for the year	(49,844)	(7,303)	(932)	(17)
Credit in respect of share option scheme	1	-	1	-
	(27,835)	22,008	**41,286**	42,217

Share Premium	Group 30 April 2018 £'000	Group 30 April 2017 £'000	Company 30 April 2018 £'000	Company 30 April 2017 £'000
At start of year	24,450	23,435	24,450	23,435
Issue of Preferred B shares (note 20)	-	1,015	-	1,015
Issue of Preferred "C" shares (note 20)	15,584	-	15,584	-
	40,034	24,450	**40,034**	24,450

23. Share Based Payments

Share options are granted to employees of the Group. The exercise price of the granted options is equal to the nominal value of the shares. Options are conditional of the employee completing four years' service (the vesting period) and vest equally in each of the four years.

The number of share options outstanding and their related weighted average exercise prices (WAEP) are as follows:

	Year ended 30 April 2018		Period ended 30 April 2017	
	Options	**WAEP (£)**	Options	WAEP (£)
Outstanding at start of the year	225,604	0.01	205,935	0.01
Granted in year	47,412	0.01	85,550	0.01
Forfeited in year	(71,618)	0.01	(22,749)	0.01
Exercised in year	(29,508)	0.01	(43,132)	0.01
Outstanding at 30 April	**171,890**	0.01	225,604	0.01

Out of the outstanding options, 28,900 were exercisable at 30 April 2018 (30 April 2017: 37,575). Options exercised in the year ending 30 April 2018 resulted in 29,508 (2017: 43,132) Ordinary shares being issued at a price of £0.01 each.

Notes to the Financial Statements (continued)
Year ended 30 April 2018

23. Share Based Payments (continued)

Share options at the end of the year have the following expiry date and exercise prices:

Grant-Vest	Expiry Date	Options	WAEP (£)
2015-2016	2025	16,600	0.01
2015-2017	2025	16,600	0.01
2015-2018	2025	21,600	0.01
2015-2019	2025	31,811	0.01
2016-2017	2026	4,000	0.01
2016-2018	2026	4,375	0.01
2016-2019	2026	8,000	0.01
2016-2020	2026	8,000	0.01
2017-2018	2027	790	0.01
2017-2019	2027	7,794	0.01
2017-2020	2027	7,794	0.01
2017-2021	2027	7,794	0.01
2018-2019	2028	9,183	0.01
2018-2020	2028	9,183	0.01
2018-2021	2028	9,183	0.01
2018-2022	2028	9,183	0.01
		171,890	0.01

The fair value of the options granted during the year was £0.01. The fair value was calculated taking into consideration the rights of the different types of share capital, the exercise price of the share options, the volatility of the expected valuation of the Company, the expected future dividend yield and the risk free interest rate.

24. Related party transactions

Trading transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are therefore not disclosed

The Company had the following amounts outstanding at the balance sheet date with Group companies:

	Amounts owed by related parties		Amounts owed to related parties	
Company	**30 April 2018 £'000**	30 April 2017 £'000	**30 April 2018 £'000**	30 April 2017 £'000
Drayson Technologies (Europe) Limited	35,042	24,479	(283)	(292)
	35,042	24,479	(283)	(292)

24. Related party transactions (continued)

The Group had the following amounts outstanding at the balance sheet date with related parties who are not members of this Group:

	Amounts owed by related parties		Amounts owed to related parties	
Group	**30 April 2018 £'000**	30 April 2017 £'000	**30 April 2018 £'000**	30 April 2017 £'000
Drayson Racing Limited	-	-	-	(161)
	-	**-**	**-**	**(161)**

The Group undertakes transactions with Drayson Racing Limited, a company under common control and registered and incorporated in the United Kingdom. Since the balance sheet date this company has been liquidated.

The Company undertakes transactions with Biolacuna Limited, a Company under the control of Dr David Brindley, the Group's Chief Science Officer. All amounts were fully paid up.

During the year, the Group entered into the following trading transactions with related parties:

	Sales of goods and services		Purchases of goods and services	
Company	**Year ended 30 April 2018 £'000**	Year ended 30 April 2017 £'000	**Year ended 30 April 2018 £'000**	Year ended 30 April 2017 £'000
Drayson Racing Limited	79	42	-	131
Biolacuna Limited	-	-	162	-
	79	42	**162**	131

During the year, the Group incurred Directors' fees for services rendered of £23k (2017: £49k) from Gordon Saul, a Director of the Company. Included in accruals at the balance sheet date is an amount of £27k (30 April 2017: £nil) to the related party.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

All Directors are paid by DTEL for services to the Group.

Three Directors participated in the Series C round that took place during the year. All shares were £0.01 Preferred "C" shares with a price of £73.77. Lord P R Drayson purchased 1,355 shares for £99,958. B R Andrews purchased 1,355 shares for £99,958. L Headley purchased 271 shares for £19,992.

Four Directors participated in the Series C top up round that took place post year end. All shares were £0.01 Preferred "C" shares with a price of £73.77. M Pinuela Rangel purchased 146 shares for £10,770. L Headley purchased 406 shares for £29,951. B R Andrews purchased 677 shares for £49,942. Lord P R Drayson purchased 3,388 shares for £249,933.

25. Financial commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and Buildings	
	As at 30 April 2018 £'000	As at 30 April 2017 £'000
Not later than one year	387	384
Later than one year and not later than five years	-	348
Later than five years	-	-
	387	732

The business has entered into a commitment to pay a share of revenue from future sales of licensed digital health products. The minimum commitments for these agreements are disclosed as licence royalties in the below table.

	Licence Royalties	
	As at 30 April 2018 £'000	As at 30 April 2017 £'000
Not later than one year	110	-
Later than one year and not later than five years	123	-
Later than five years	-	-
	233	-

26. Ultimate controlling company and party

At the year end and through the year, the Company and Group were ultimately controlled by Lord and Lady Drayson.

Since the year end, at 7 August 2018, the entire share capital of the Company was acquired by Sensyne Health PLC in a share for share exchange transaction that resulted in the shareholders of the Company at that date receiving shares in Sensyne Health PLC. This resulted in Sensyne Health PLC replacing the Company as the ultimate parent company of the Group.

Since that date, at 17 August 2018, Sensyne Health PLC has placed its entire share capital and placed a new issue of shares on the Alternative Investment Market ('AIM') of the London Stock Exchange. The result is that the Group no longer has an ultimate controlling party.

27. Post balance sheet events

Since 30 April 2018 and up to the date of approval, the following post balance sheet events are noted:

During July 2018, the Group completed a Series C top up raising funds of £4.8m by way of an issue of 64,747 preferred "C" shares at £73.77 per share fully paid up. Refer to Note 24 for disclosure of Directors' involvement in this funding round.

As part of the Offer and Admission of the Ordinary share capital of the Company to the Alternative Investment Market (AIM) of the London Stock Exchange, a restructuring was carried of the Drayson Technologies Group, where DTL was the ultimate parent company. DTL held the wholly owned subsidiary DTEL, that contained the Sensyne Health business and other operations. The restructuring resulted in the Sensyne Health business now being held under the ultimate Group parent Sensyne Health PLC. The remaining business of DTEL is now held under the separately owned Drayson Holdco 2 Limited (DH2L) Group. The steps carried out from this date through to the Offer and Admission and their impact on these Financial Statements are set out below.

On 17 August 2018, Sensyne Health PLC was admitted to AIM raising gross proceeds of £60m from an Initial Public Offering ("IPO").

Further details are publicly available in the 31 October 2018 interim results of Sensyne Health PLC.