

Alba Bioscience Limited

Report and Financial Statements

For the year ended 31 March 2023

SC310584



Directors

A Kiboro

S Zuiderwijk

(appointed 14 July 2023)

M El Khoury

(resigned 28 July 2023)

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast

BT2 7DT

Registered Office

The Allan-Robb Campus

5 James Hamilton Way

Milton Bridge

Penicuik

EH26 0BF

Strategic report

The directors present their strategic report for Alba Bioscience Limited (the "Company" or "Alba Bioscience") for the year ended 31 March 2023.

Results and dividends

The results for the year are set out on page 13. The Company's turnover for the year ending 31 March 2023 was £26,790,634 (2022 – £26,834,174). The Company's profit after tax for the year was £1,664,748 (2022 – £1,984,274).

Principal activities and review of the business

The principal activity of Alba Bioscience is the development, manufacture and sale of products for the global transfusion diagnostics market. Products manufactured by the Company are sold to hospitals, blood banking operations and other transfusion diagnostics companies worldwide.

The Company has active programmes in place to develop new products to address the global transfusion diagnostics market.

The Company also has an active programme in place to license its existing products for sale in the USA, to allow it to expand the breadth of products being offered in this key market. At 31 March 2023, 68 (2022 – 68) products have been licensed by Alba Bioscience for sale in the U.S. by the United States Food and Drug Administration ("FDA"). These products are either sold directly to customers in the USA by an affiliate of the Company or sold by other transfusion diagnostics companies ("OEM customers").

The Company continues to grow its business developing and manufacturing transfusion diagnostic products for OEM customers.

Alba Bioscience continues to work with its affiliates on the development of a next-generation automation platform initially targeted at the global transfusion diagnostics market place (the "MosaiQ™ Project").

New product launches and expansion of market share, coupled with the continued investment in our staff and facilities, will continue to drive the growth of Alba Bioscience.

The Company is a wholly-owned subsidiary of AliveDx Holdings Finance Company Limited ("AliveDx"). AliveDx and its subsidiaries (the "Group") are a global group focused on the development, manufacture and commercialisation of transfusion diagnostics products.

The Group rebranded as AliveDx from Quotient in October 2023.

Research and development

Expenditure on research and development during the year to 31 March 2023 amounted to £9,520,386 (2022 – £9,261,607). The spend varies from year to year depending on project progress.

This investment in the year was focused on the MosaiQ™ project for the global transfusion and clinical diagnostics markets.

Strategic report

Key performance indicators

The Company employs a number of KPIs to monitor the performance of the business, which are included in the monthly management report and considered at management meetings.

<i>Product revenue and gross profit:</i>	2023	2022	Movement
Product revenue	£ 26,787,934	£ 26,666,891	0.5%
Product gross profit percentage	34.4%	36.9%	

Product revenue broadly maintained due to better pricing and increased sales to existing OEM customers and the impact of growth on newer products, offset by reduced sales to group companies. Product gross profit decreased from 2022 to 2023 due to sales mix and increased direct costs. Product revenue and product gross profit exclude milestone revenue arising from OEM customer development programmes.

<i>Other revenue:</i>	2023	2022	Movement
OEM customer development revenue	£ 2,700	£ 167,283	(98.4)%

Other revenue represents milestone revenue achieved on the company's product development projects for its OEM customers and is in line with the expected lifecycle of the projects under contract.

<i>Operating profit:</i>	2023	2022	Movement
Operating profit	£ 2,138,197	£ 3,089,075	(30.8)%

Operating performance decreased in the year as a result of higher costs due to inflation and investments made into the business which are expected to result in future growth opportunities.

Statement of financial position:

The Statement of Financial Position as at 31 March 2023 sets out the financial position of Alba Bioscience and reflects net assets of £20,682,400 (2022 – £19,017,652) and cash at bank of £629,929 (2022 – £4,714,346).

Cash balances reduced during the year as a result of operational performance and timing of funds transfers to and from group companies.

Principal risks and uncertainties

The directors have carefully considered the principal risks and uncertainties facing the business.

Competitive risk

The Company operates in a changing and competitive market place where continuing growth is dependent upon maintaining existing customer relationships and developing new business by offering a wider range of products and services, expanding geographically and growing its customer base.

Overseas trading risk

After "Brexit" there are now greater restrictions on imports and exports between Great Britain and European countries and increased regulatory complexities. To date there have not been any significant issues, but the risk remains that future changes may adversely affect our operations and financial results.

The Company has no exposure to potential lost sales in Eastern Europe due to the war in Ukraine, but the directors are monitoring global inflationary cost pressures resulting, in part, from this conflict.

Strategic report

Principal risks and uncertainties (continued)

Regulatory risk

The Company operates in a heavily regulated market sector and is regularly audited by agencies such as the US Food and Drug Administration for US licensing and Polskie Centrum Badań i Certyfikacji S.A. or TÜV SÜD for CE marking. Audit results have historically been excellent, and the directors expect this to continue.

After "Brexit", a new conformity mark ("UKCA") has been introduced for products that will be distributed in the UK, however the transition period where CE marked products continue to be authorised for the UK extends until 2024 so there is no associated risk at this time. All additional actions for registration of UK produced products with the Competent Authority of the EU Authorised Representative have been completed as necessary allowing for continued distribution in the EU Member states.

Activities for transition from the EU In Vitro Directive ("IVD") to the In Vitro Diagnostic Regulation ("IVDR") are progressing as planned to ensure no loss of distribution ability at the effectiveness date. The initial Quality System IVDR transition certification by notified Body TÜV SÜD for the Edinburgh Site has been completed and we have also received our first IVDR product certification with currently 7 other products in review and the remaining files are in various stages of completion prior to submission for review. We remain confident that all products will be transitioned to the IVDR requirements prior to the end of the transition phases.

Financial risk management policy

The Company's financial instruments comprise cash, trade debtors and creditors and certain other debtors and creditors. The main risks associated with these are set out below:

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk through managing cash generation by its operations, applying cash collection targets and carefully controlling expenditure throughout the Company. The Company also manages liquidity risk through external leases and related-party debt.

The Company has provided a fixed and floating charge over all its assets as security for the indebtedness of its parent company, AliveDx Holdings Finance Company Limited (see note 19).

Foreign currency risk

The Company's principal foreign currency exposure is due to its manufacturing costs largely arising in Pounds Sterling whilst most its products are sold in US dollars and other foreign currencies. The Company previously entered into forward currency contracts as disclosed in note 20 to the financial statements to hedge its foreign currency exposure. These are all now realised.

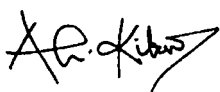
Interest rate risk

The Company has limited exposure to movement in interest rates.

Credit risk

Cash surpluses are deposited with reputable banking institutions. Trade debtors are monitored on an ongoing basis for collection and provision is made for doubtful debts where appropriate.

On behalf of the Board



A Kiboro
Director

20 December, 2023

Registered No. SC310584

Directors' report

The directors present their report for Alba Bioscience Limited (the "Company" or "Alba Bioscience") for the year ended 31 March 2023.

Directors

The directors who served the Company during the year were as follows:

A Kiboro

S Zuiderwijk (appointed 14 July 2023)

M El Khoury (resigned 28 July 2023)

Employee involvement

The Company maintains its commitment to employee involvement throughout the business. Employees are kept well informed of the performance and objectives of the Company and its affiliates through briefings, regular meetings and e-mail. In addition, via a Staff Association, an employee has the opportunity to make inputs into Human Resources and policy matters within the Company.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidates' particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the "Principal activities and review of the business" section in the Strategic Report. The financial position of the Company, its cash flows and liquidity position are set out in the "Key performance indicators" section in the Strategic Report.

In preparing the Company's financial statements on a going concern basis, the directors have considered the financial position and circumstances of the Company. The Company is a wholly owned subsidiary of AliveDx Holdings Finance Company Limited ("AliveDx"). The Company is profitable, cash generative and has long-term relationships and contracts with several customers and suppliers across different geographic areas. Consequently, the directors believe that the Company is well placed to manage its business risks successfully.

The Group has expenditure plans over the twelve months from the date these financial statements are issued that exceeds its current cash and investment balances, raising substantial doubt about its ability to continue as a going concern. The Group's directors are confident in the availability of funding sources and, accordingly, have prepared the financial statements on the going concern basis. However there can be no assurance the Group will be able to obtain adequate financing when necessary and the terms of any financings may not be advantageous to the Group and may result in dilution to its shareholders.

These financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern. The directors have prepared cash flow forecasts for the period to 31 December 2024 on a base case basis without sensitivities as the underlying cash flows have proven to be relatively resilient and in any case the Company is reliant on the continued support of the parent company.

Directors' report (continued)

Going concern (continued)

AliveDx has in issue \$119 million in aggregate of 12% Senior Secured Notes (the "Notes"). Pursuant to the terms of collateral agreements entered into by AliveDx and its subsidiaries, holders of the Notes have been granted a fixed charge over the shares of the Company held by AliveDx. In addition, AliveDx's obligations under the terms of the Notes have also been guaranteed by all its subsidiaries, including the Company. Under the terms of this guarantee, the holders of the Notes have been granted a fixed and floating charge over the assets and undertakings of the Company. Further, cash generated by the Company is used to fund the operations of the AliveDx group, including the ongoing development and commercialization of the group's MosaiQ product and the servicing of the Notes. As a consequence, the ability of the Company to continue as a going concern is dependent on the ability of AliveDx to continue as a going concern. The directors of AliveDx have provided a letter indicating that they will continue to provide financial support to the Company, including not requiring the repayment of the intercompany payable, for the period to 12 months of signing the financial statements of the Company.

AliveDx management, which includes the directors of the Company, have prepared cash flow forecasts for the AliveDx group covering the period to 31 December 2024. These forecasts indicate that the AliveDx group has expenditure plans over the period to 31 December 2024 that exceed its current cash and investment balances. There can be no assurance however that the AliveDx group will be able to obtain adequate further financing when necessary. In the event that the AliveDx group is not able to obtain further finance, when necessary, AliveDx may not be able to provide financial support to the Company and the holders of the Notes may exercise their rights under the terms of the collateral agreements. The Directors have concluded this constitutes a material uncertainty which may cast significant doubt over the ability of the Company to continue as a going concern for the period to 31 December 2024.

At this time AliveDx management and the Company's directors have a reasonable expectation that further financing will be obtained, that will enable the AliveDx group to have sufficient cash and to operate within the terms of its debt facilities and believe that it is unlikely that the holders of the Notes will exercise their rights over the assets and undertakings of the Company pursuant to the fixed and floating charge. Consequently, the Directors have concluded that there is a reasonable basis to presume that the Company will be able to continue in operational existence for the period to 31 December 2024 and that it is appropriate to prepare these financial statements on a going concern basis.

Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

Registered No. SC310584

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, the directors have taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Issue of share capital

During the year the Company did not issue any share capital (2022 – nil).

Political donations

The Company made no political donations in the year (2022 – nil).

Auditors

In accordance with s485 of the Companies Act 2006 a resolution to appoint CLA Evelyn Partners (Ireland) Limited as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board,



A Kiboro
Director
20 December, 2023

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Alba Bioscience Limited

Opinion

We have audited the financial statements of Alba Bioscience Limited for the year ended 31 March 2023 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 24, 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 FRS 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 Company's affairs as at 31 March 2023 and of its profit 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company's parent undertaking needs to obtain further financing on or before 31 December 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a 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. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report

to the members of Alba Bioscience Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 this 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 the 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 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 strategic report and 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditors' report

to the members of Alba Bioscience Limited

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety, relevant employee law matters, general data protection regulations and the UK Bribery Act.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our inquiries through reading board minutes and correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue recognition to be a fraud risk. Our testing of revenue included agreeing specific transactions to supporting invoices, delivery documents, customer contracts and the receipt of payment in bank statements, and the testing of certain revenue journals.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria. We read the minutes of Directors' meetings to identify any non-compliance with laws and regulations. We also made enquiries with the Directors and of management of the company regarding compliance with laws and regulations.

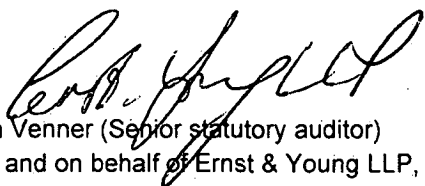
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditors' report

to the members of Alba Bioscience Limited

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Venner (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

21 December 2023

Income statement

for the year ended 31 March 2023

	Notes	2023 £	2022
Turnover	2	26,790,634	26,834,174
Cost of sales		(17,574,442)	(16,837,781)
Gross profit		9,216,192	9,996,393
Selling and distribution costs		(1,390,494)	(1,193,953)
Administrative expenses		(15,584,388)	(15,262,296)
Other operating income		9,896,887	9,548,931
Operating profit	3	2,138,197	3,089,075
Interest receivable and similar income	6	1,971	40
Interest payable and similar expenses	7	(12,613)	(43,133)
Profit before taxation		2,127,555	3,045,982
Tax	8	(462,807)	(1,061,708)
Profit for the financial year		1,664,748	1,984,274

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 March 2023

	Notes	2023 £	2022
Profit for the financial year		1,664,748	1,984,274
Net losses on cash flow hedges	20	-	(485,113)
Net gains on cash flow hedges recognised in the income statement	20	-	227,540
Total other comprehensive loss		-	(257,573)
Total comprehensive income for the year		1,664,748	1,726,701

Statement of changes in equity

for the year ended 31 March 2023

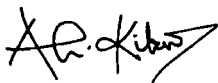
	<i>Called up share capital</i> £	<i>Share premium</i> £	<i>Cash flow hedge reserve</i> £	<i>Profit and loss account</i> £	<i>Total equity</i>
At 31 March 2021	880	21,403,827	257,573	(4,371,329)	17,290,951
Income for the year	-	-	-	1,984,274	1,984,274
Other comprehensive loss	-	-	(257,573)	-	(257,573)
Total comprehensive income for the year	-	-	(257,573)	1,984,274	1,726,701
Share based payments transactions	-	-	-	161,700	161,700
Share based payments recharge from parent undertaking	-	-	-	(161,700)	(161,700)
At 31 March 2022	880	21,403,827	-	(2,387,055)	19,017,652
Income for the year	-	-	-	1,664,748	1,664,748
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,664,748	1,664,748
Share based payments transactions	-	-	-	162,780	162,780
Share based payments recharge from parent undertaking	-	-	-	(162,780)	(162,780)
At 31 March 2023	880	21,403,827	-	(722,307)	20,682,400

Statement of financial position

at 31 March 2023

	Notes	2023 £	2022
Fixed assets			
Intangible assets	9	460,251	576,923
Tangible assets	10	9,069,138	10,802,105
		<u>9,529,389</u>	<u>11,379,028</u>
Current assets			
Stocks	11	7,586,820	6,510,661
Debtors:			
amounts falling due within one year	12	7,009,675	5,978,289
amounts falling due after one year	12	3,600,000	3,600,000
Cash at bank and in hand		629,929	4,714,346
		<u>18,826,424</u>	<u>20,803,296</u>
Creditors: amounts falling due within one year	13	<u>(3,559,169)</u>	<u>(9,236,436)</u>
Net current assets		<u>15,267,255</u>	<u>11,566,860</u>
Total assets less current liabilities		<u>24,796,644</u>	<u>22,945,888</u>
Creditors: amounts falling due after more than one year	14	<u>(2,643,744)</u>	<u>(2,246,796)</u>
Provisions for liabilities	15	<u>(1,470,500)</u>	<u>(1,681,440)</u>
Net assets		<u>20,682,400</u>	<u>19,017,652</u>
Capital and reserves			
Called up share capital	16	880	880
Share premium		21,403,827	21,403,827
Cash flow hedge reserve		-	-
Profit and loss account		<u>(722,307)</u>	<u>(2,387,055)</u>
Shareholders' funds		<u>20,682,400</u>	<u>19,017,652</u>

The financial statements were approved by the Board of Directors and signed on its behalf by:



A Kiboro
Director
20 December, 2023

Statement of cash flows

for the year ended 31 March 2023

	Notes	2023 £	2022 £
Net cash inflow from operating activities	23	3,687,732	3,119,923
Investing activities			
Interest received		1,971	40
Financing (provided to)/repaid by group companies		(7,176,784)	978,284
Payments to acquire tangible fixed assets		(277,866)	(452,841)
Net cash flow from investing activities		(7,452,679)	525,483
Financing activities			
Interest element of finance lease rentals		(12,613)	(43,133)
Repayment of finance leases and hire purchase contracts		(306,857)	(242,584)
Net cash flow from financing activities		(319,470)	(285,717)
(Decrease)/increase in cash and cash equivalents		(4,084,417)	3,359,689
Cash and cash equivalents at 1 April 2022		4,714,346	1,354,657
Cash and cash equivalents at 31 March 2023		629,929	4,714,346

Notes to the financial statements

at 31 March 2023

1. Accounting policies

Statement of compliance

Alba Bioscience Limited is a limited liability company incorporated in Scotland with registered number SC310584. The Registered Office is The Allan-Robb Campus, 5 James Hamilton Way, Milton Bridge, Penicuik, EH26 0BF.

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 March 2023.

Basis of preparation

The financial statements were authorised for issue by the Board of Directors on 20 December, 2023.

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated). The financial statements are presented in Pounds Sterling which is the functional currency of the Company.

Going concern

In preparing the Company's financial statements on a going concern basis, the directors have considered the financial position and circumstances of the Company. The Company is a wholly owned subsidiary of AliveDx Holdings Finance Company Limited ("AliveDx"). The Company is profitable, cash generative and has long-term relationships and contracts with several customers and suppliers across different geographic areas. Consequently, the directors believe that the Company is well placed to manage its business risks successfully. The directors have prepared cash flow forecasts for the period to 31 December 2024 on a base case basis without sensitivities as the underlying cash flows have proven to be relatively resilient and in any case the Company is reliant on the continued support of the parent company.

AliveDx has in issue \$119 million in aggregate of 12% Senior Secured Notes (the "Notes"). Pursuant to the terms of collateral agreements entered into by AliveDx and its subsidiaries, holders of the Notes have been granted a fixed charge over the shares of the Company held by AliveDx. In addition, AliveDx's obligations under the terms of the Notes have also been guaranteed by all its subsidiaries, including the Company. Under the terms of this guarantee, the holders of the Notes have been granted a fixed and floating charge over the assets and undertakings of the Company. Further, cash generated by the Company is used to fund the operations of the AliveDx group, including the ongoing development and commercialization of the group's MosaiQ product and the servicing of the Notes. As a consequence, the ability of the Company to continue as a going concern is dependent on the ability of AliveDx to continue as a going concern. The directors of AliveDx have provided a letter indicating that they will continue to provide financial support to the Company, including not requiring the repayment of the intercompany payable, for the period to 12 months of signing the financial statements of the Company.

AliveDx management, which includes the directors of the Company, have prepared cash flow forecasts for the AliveDx group covering the period to 31 December 2024. These forecasts indicate that the AliveDx group has expenditure plans over the period to 31 December 2024 that exceed its current cash and investment balances.

There can be no assurance however that the AliveDx group will be able to obtain adequate further financing when necessary. In the event that the AliveDx group is not able to obtain further finance, when necessary, AliveDx may not be able to provide financial support to the Company and the holders of the Notes may exercise their rights under the terms of the collateral agreements. The Directors have concluded this constitutes a material uncertainty which may cast significant doubt over the ability of the Company to continue as a going concern for the period to 31 December 2024.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Going concern (continued)

At this time AliveDx management and the Company's directors have a reasonable expectation that further financing will be obtained, that will enable the AliveDx group to have sufficient cash and to operate within the terms of its debt facilities and believe that it is unlikely that the holders of the Notes will exercise their rights over the assets and undertakings of the Company pursuant to the fixed and floating charge. Consequently, the Directors have concluded that there is a reasonable basis to presume that the Company will be able to continue in operational existence for the period to 31 December 2024 and that it is appropriate to prepare these financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. In the course of preparing the Company's financial statements no judgements have been made in the process of applying the Company's accounting policies, other than in respect of those involving estimates as set out below. The directors consider that the following estimates and judgements are likely to have the most significant effect on amounts recognised in the financial statements.

Goodwill and intangible assets

Goodwill is being amortised over a twenty-year period. This goodwill represents intangible assets such as customer relationships, master cell lines and certain other items, which include domain names and product trademarks, identified as at the time of the acquisition of the business in August 2007, but which could not be reliably measured and hence were not individually recognised. The estimated useful life of 20 years is based on a variety of factors such as the expected use of these intangible assets by the business, the retention of key employees and customers, technological obsolescence, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Also included in intangible assets are the costs of obtaining product licenses for our products. These include external costs such as regulatory agency fees associated with the approval and bringing to market of our products once the development is complete. These assets are amortised over an expected product life of ten years, based upon the expected life cycle of the related products.

There is a risk that the directors' expectations regarding use of these intangible assets may not be borne out by actual events and conditions, with consequential accelerated amortisation or immediate impairment of the cost of these assets being recognised.

The directors review the useful lives and carrying amounts of the Company's goodwill and intangible assets annually to determine whether there is any indication that the assumed useful lives are no longer valid. In addition, as set out below, the directors consider whether the value of those assets is impaired. This requires an estimation of the fair value less cost of disposal and value in use of these assets, which includes the estimation of future cash flows and the application of a suitable discount rate, all of which are uncertain with actual outcomes varying from those assumed.

Intangible fixed assets

Goodwill arising on acquisitions is capitalised, classified as an asset on the Statement of Financial Position and amortised on a straight-line basis over its useful economic life. This was determined to be 20 years. This estimate is based on a variety of factors such as the expected use of the acquired business and assets, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, taxation, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Expenditure incurred to secure product licences are capitalised within intangible fixed assets and amortised over their useful economic life of 10 years.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets as follows:

- | | |
|----------------------------------|---|
| • Land | not depreciated |
| • Leasehold improvements | the shorter of the lease term or the estimated useful life of the asset |
| • Plant, machinery and equipment | 4 to 25 years |
| • Master cell banks | not depreciated |

Repairs and maintenance expenditures, which are not considered improvements and do not extend the useful life of property and equipment, are expensed as incurred.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Master cell banks are recorded at cost annually. No depreciation is provided on the assets.

Research and development

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

Stocks

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

Grants

Grants of a revenue nature are credited to the income statement so as to match them with the expenditure to which they relate. Grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants already received will be released to the income statement over their respective periods.

Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into pounds Sterling at rates of exchange ruling at the Statement of Financial Position date.

Transactions in foreign currencies are translated into pounds Sterling at the rate ruling on the date of the transaction.

Exchange gains and losses on transactions and monetary assets and liabilities are recognised in the income statement.

Exchange gains and losses on non-monetary assets and liabilities are taken to reserves.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Finance lease commitments

Assets held under finance leases which are those where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the Statement of Financial Position and are depreciated over their useful lives. The interest element of the rental obligations is charged to the income statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Operating leases

The Company has entered into commercial contracts as a lessee to obtain the use of property, plant and equipment. The classification of such leases as operating, or finance leases requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position. Rentals under operating leases are charged on a straight-line basis over the lease term.

Revenue recognition

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from the performance of product development activities is recognised by reference to the stage of completion in line with customer contracts. Stage of completion is measured by reference to specific, agreed milestones.

Derivative instruments

In the normal course of business, the Company's financial position is routinely subjected to market risk associated with foreign currency exchange rate fluctuations. The Company's policy is to mitigate the effect of these exchange rate fluctuations on certain foreign currency denominated business exposures. The Company has a policy that allows the use of derivative financial instruments to hedge foreign currency exchange rate fluctuations on forecasted revenue denominated in foreign currencies. The Company carries derivative financial instruments (derivatives) on the balance sheet at their fair values. The Company does not use derivatives for trading or speculative purposes. The Company does not believe that it is exposed to more than a nominal amount of credit risk in its foreign currency hedges, as counterparties are large, global and well-capitalised financial institutions. To hedge foreign currency risks, the Company uses foreign currency exchange forward contracts, where possible and prudent.

The Company considers its most current forecast in determining the level of foreign currency denominated revenue to hedge as cash flow hedges. The Company combines these forecasts with historical trends to establish the portion of its expected volume to be hedged. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to the income statement when the hedged item affects profit or loss. If the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, the related gains and losses on the cash flow hedge are reclassified from accumulated other comprehensive income (loss) to the income statement at that time.

The fair value of foreign currency forward contracts has been determined by calculating the present value of future cash flows, estimated using market-based observable inputs including forward and spot exchange rates and interest rate curves obtained from third party market price quotations.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Share based payment transactions

Employees of the Company, being part of the AliveDx group, may be entitled to receive equity-based awards in AliveDx Holdings Finance Company Limited and were previously similarly entitled to receive equity-based rewards in Quotient Limited. Options are granted at market price at date of award, have a ten-year expiry date, vest over three years in equal tranches and are settled by equity.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the parent company (market conditions) and non-vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Recharges levied by AliveDx Holdings Finance Company Limited and Quotient Limited in respect of share-based transactions are charged directly to equity on the basis that this represents a return of the deemed capital contribution recorded in equity in respect of the share-based payments charge.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement on other operating expenses.

Notes to the financial statements

at 31 March 2023

2. Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

The whole of the turnover is attributable to the sale of transfusion diagnostic products, research funding fees and the receipt of product development milestone payments relating to future products to be sold by the Company.

A geographical analysis of turnover is as follows:

	2023	2022
	£	£
United Kingdom	491,689	547,045
Rest of Europe	8,965,294	11,224,094
North America	13,008,302	11,351,040
Rest of world	4,325,349	3,711,995
	<u>26,790,634</u>	<u>26,834,174</u>

In the opinion of the directors, it would be prejudicial to the interests of the Company to disclose profit or loss or net assets by segment.

3. Operating profit

This is stated after charging/(crediting):	2023	2022
	£	
Auditors' remuneration:		
– audit services	77,363	81,900
Other professional advisers:		
– taxation compliance	9,500	15,000
Depreciation of tangible fixed assets:		
– owned by the Company	1,676,488	1,604,948
– held under finance leases	335,285	467,453
Amortisation of intangible fixed assets (within Administrative expenses)	<u>116,671</u>	<u>122,591</u>
Operating lease rentals:		
– plant and machinery	154,793	149,982
– other operating leases	1,909,175	1,884,619
Foreign exchange gains	(1,651,217)	(722,177)
Share based payments charge	162,780	161,700
Research and development expenditure	<u>9,520,386</u>	<u>9,261,607</u>
Revenue grants receivable	-	-
Research and development tax credits receivable:		
– current year	(801,689)	(739,359)
– prior years	10,478	(70,714)
Services recharged to group companies	<u>(9,105,676)</u>	<u>(8,738,858)</u>

Notes to the financial statements

at 31 March 2023

4. Directors' remuneration

	2023	2022
	£	£
Aggregate remuneration in respect of qualifying services	-	-
Aggregate pension contributions to money purchase schemes	-	-
	<u>-</u>	<u>-</u>

Included in the above figures is £nil (2022 - £nil) in respect of the highest paid director during the year.

The above amounts do not include sums paid by other group companies during the year to the Company's directors for remuneration and for retirement packages, in respect of which it is not practical to apportion the amount related to qualifying services to the Company.

5. Staff costs

	2023	2022
	£	£
Wages and salaries	8,535,434	9,063,766
Social security costs	874,885	851,532
Other pension costs (note 18)	491,762	495,147
	<u>9,902,081</u>	<u>10,410,445</u>

The average monthly number of employees (full time equivalents), including the directors, during the year was made up as follows:

	2023	2022
	No.	No.
Production, commissioning and validation	125	123
Sales, distribution and customer management	21	18
Research and development	53	67
Management and administration	21	20
	<u>220</u>	<u>228</u>

6. Interest receivable and similar income

	2023	2022
	£	
Bank interest	1,971	40
	<u>1,971</u>	<u>40</u>

7. Interest payable and similar expenses

	2023	2022
	£	
Finance leases	12,613	43,133
	<u>12,613</u>	<u>43,133</u>

Notes to the financial statements

at 31 March 2023

8. Tax

a. Tax on profit

The tax charge is comprised as follows:

	2023	2022
	£	£
Current tax:		
UK corporation tax on the profit for the year	673,747	148,512
Total current tax	<u>673,747</u>	<u>148,512</u>
Deferred tax:		
Origination and reversal of timing differences - current year	(210,940)	574,932
- prior year	-	4,271
Effect of changes in tax rates	-	333,993
Total deferred tax	<u>(210,940)</u>	<u>913,196</u>
Tax on profit (note 8(b))	<u>462,807</u>	<u>1,061,708</u>

b. Factors affecting the total tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2022–19%).

The differences are explained below:

	2023	2022
	£	£
Profit before tax	2,127,555	3,045,982
Profit multiplied by standard rate of corporation tax in the UK of 19% (2022 – 19%)	404,235	578,737
Effects of:		
Fixed asset differences	2,753	-
Expenses not deductible for tax purposes	34,900	65,923
Income not taxable	-	(13,436)
R&D expenditure credits	1,991	-
Remeasurement of deferred tax for changes in tax rates	18,928	333,993
Share options	-	92,220
Adjustment in respect of prior periods	-	4,271
Total tax for the year (note 8(a))	<u>462,807</u>	<u>1,061,708</u>

c. Factors affecting future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom would increase from 19% to 25%. Companies with profits of £50,000 or less would continue to be taxed at 19% which was the new small profits rate. Where taxable profits were between £50,000 and £250,000, the higher 25% rate would apply but with a marginal relief applying as profits increased. Deferred tax is provided for at 25%.

The Company expects deferred tax assets of £2,510 and deferred tax liabilities of £176,169 to reverse within the next 12 months.

Notes to the financial statements

at 31 March 2023

9. Intangible fixed assets

	<i>Purchased goodwill £</i>	<i>Product licences £</i>	<i>Total</i>
Cost:			
At 1 April 2022	1,593,975	685,718	2,279,693
Additions	-	-	-
At 31 March 2023	<u>1,593,975</u>	<u>685,718</u>	<u>2,279,693</u>
Amortisation:			
At 1 April 2022	1,155,367	547,403	1,702,770
Charge for the year	79,699	36,973	116,672
At 31 March 2023	<u>1,235,066</u>	<u>584,376</u>	<u>1,819,442</u>
Net book value:			
At 31 March 2023	<u>358,909</u>	<u>101,342</u>	<u>460,251</u>
At 1 April 2022	<u>438,608</u>	<u>138,315</u>	<u>576,923</u>

Purchased goodwill is being amortised over the directors' estimate of its useful economic life of 20 years. Product licensing costs are being amortised over the directors' estimate of its useful economic life of 10 years.

Notes to the financial statements

at 31 March 2023

10. Tangible fixed assets

	<i>Buildings and tenants improvements</i> £	<i>Plant and machinery</i> £	<i>Motor vehicles</i> £	<i>Master cell banks</i> £	<i>Total</i>
Cost:					
At 1 April 2022	14,181,275	6,428,214	15,920	99,955	20,725,364
Additions	-	276,326	-	1,606	277,932
Disposals	-	-	-	-	-
At 31 March 2023	<u>14,181,275</u>	<u>6,704,540</u>	<u>15,920</u>	<u>101,561</u>	<u>21,003,296</u>
Depreciation:					
At 1 April 2022	4,963,278	4,944,061	15,920	-	9,923,259
Provided during the year	1,248,405	762,494	-	-	2,010,899
Disposals	-	-	-	-	-
At 31 March 2023	<u>6,211,683</u>	<u>5,706,555</u>	<u>15,920</u>	<u>-</u>	<u>11,934,158</u>
Net book value:					
At 31 March 2023	<u>7,969,592</u>	<u>997,985</u>	<u>-</u>	<u>101,561</u>	<u>9,069,138</u>
At 1 April 2022	<u>9,217,997</u>	<u>1,484,153</u>	<u>-</u>	<u>99,955</u>	<u>10,802,105</u>

The Company has provided a fixed and floating charge over all its assets as security for loan notes issued by AliveDx (note 19).

The cost of master cell banks represents the historical cost of acquiring and maintaining the master cell banks, less cell banks used in production, plus new cell banks produced and moved to storage.

Included in the above are assets held under finance leases or hire purchase contracts as follows:

	<i>Plant and machinery</i> 2023 £	<i>Plant and machinery</i> 2022 £
Net book values	54,564	389,849
Depreciation charge	<u>335,285</u>	<u>467,453</u>

Security has been granted over assets subject to hire purchase arrangements.

Notes to the financial statements

at 31 March 2023

11. Stocks

	2023	2022
	£	£
Raw materials	3,154,754	2,638,019
Work in progress	2,245,927	2,857,612
Finished goods and goods for resale	2,186,139	1,015,030
	<u>7,586,820</u>	<u>6,510,661</u>

The difference between the purchase price or production cost of stock and their replacement cost is not material.

During the year £17,574,442 (2022 – £16,837,781) of inventory at standard cost plus positive and negative variances was recognised as an expense.

12. Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	4,390,749	3,860,347
Prepayments and accrued income	820,567	688,822
Amounts owed from group undertakings	863,268	-
Other debtors	935,091	1,429,120
	<u>7,009,675</u>	<u>5,978,289</u>

	2023	2022
	£	£
Amounts falling due after one year:		
Other debtors	3,600,000	3,600,000
	<u>3,600,000</u>	<u>3,600,000</u>

Other debtors falling due after one year represent a rental deposit.

13. Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	1,803,913	1,290,048
Amounts owed to group undertakings	-	6,150,736
Other taxes and social security costs	79,536	297,288
Accruals and deferred income	1,623,848	1,191,507
Net obligations under finance leases and hire purchase contracts	51,872	306,857
	<u>3,559,169</u>	<u>9,236,436</u>

Notes to the financial statements

at 31 March 2023

14. Creditors: amounts falling due after more than one year

	2023 £	2022 £
Net obligations under finance leases and hire purchase contracts	4,509	56,381
Accruals and deferred income	2,639,235	2,190,415
	<u>2,643,744</u>	<u>2,246,796</u>

The Company has entered into finance leases or hire purchase arrangements to acquire certain fixed assets. Capital repayments due under finance leases have been capitalised. Security has been granted over assets subject to hire purchase arrangements. The finance leases and hire purchase arrangements are repayable over three to five years, payable monthly and, as appropriate, have lessee only purchase options.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2023 £	2022 £
Within one year	51,872	306,857
In one to five years	4,509	56,381
	<u>56,381</u>	<u>363,238</u>
Included in liabilities falling due within one year	(51,872)	(306,857)
	<u>4,509</u>	<u>56,381</u>

The accruals and deferred income falling due after more than one year relate to an operating lease where charges to the income statement made on a straight-line basis are in excess of rental payments due (note 20).

15. Provisions for liabilities

Deferred tax at 31 March 2023 comprised the following:

	2023 £	2022
<i>Deferred tax</i>		
At 1 April 2022	1,681,440	768,244
Recognised in the year	(210,940)	913,196
At 31 March 2023	<u>1,470,500</u>	<u>1,681,440</u>
<i>Comprised of:</i>		
Fixed asset timing differences	1,499,836	1,714,327
Short term timing differences	(29,336)	(32,887)
	<u>1,470,500</u>	<u>1,681,440</u>

Deferred tax arose on the timing difference between the net book value and tax written down value of certain assets and liabilities.

Notes to the financial statements

at 31 March 2023

16. Allotted and issued share capital

	2023 No.	2023 £	2022 No.	2022
<i>Allotted, called up and fully paid</i>				
Ordinary shares of "A" £0.0001 each	2,130,412	213	2,130,412	213
Ordinary shares of "B" £0.0001 each	6,674,264	667	6,674,264	667
		<u>880</u>		<u>880</u>

The A Ordinary and B Ordinary shares rank pari passu in all respects.

17. Reserves

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Cash flow hedge reserve

This reserve records the fair value of foreign exchange forward contracts.

Profit and loss account

This reserve records the cumulative profits and losses of the Company.

18. Pension

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions paid or accrued by the Company during the year.

	2023 £	2022 £
Contributions payable for the year	491,762	495,147
Contributions payable to the fund at the year end and included in creditors	<u>(39,323)</u>	<u>(40,143)</u>

19. Security for borrowings

The Company has granted a fixed and floating charge over its assets and undertakings as security for loan notes issued by AliveDx Holdings Finance Company Limited, its parent company.

The Company has also granted security over certain assets to the providers of finance leases.

Notes to the financial statements

at 31 March 2023

20. Other financial commitments

At 31 March 2023 the Company had total future minimum lease payments under non-cancellable operating leases as set out below:

	2023	2022
	£	£
Not later than one year	1,419,206	1,425,889
Later than one year and not later than five years	6,085,046	5,915,038
Later than five years	48,823,603	50,412,817
	<u>56,327,855</u>	<u>57,753,744</u>

In 2018 the Company entered into a 35-year lease to occupy the Allan-Robb Campus. The Company's obligations under this lease are guaranteed by AliveDx (note 21).

The Company's operating lease arrangements do not include contingent rents, purchase options, escalations, significant restrictions or contain sub leases.

In previous years, the Company had entered into a forward foreign currency arrangement to hedge the foreign currency risk on sales income arising in US dollars. The arrangement comprised a series of contracts, each contract to sell U.S. dollars and purchase pounds Sterling at various exchange rates. There are currently no contracts in place.

The Company recognised gains on foreign currency contracts maturing during the year of £nil (2022 – gain of £277,540) and has unrecognised gains on future foreign currency contracts at year end of £nil (2022 – £nil). At year end all contracts are realised.

21. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is AliveDx Holdings Finance Company Limited ("AliveDx") which is incorporated in Cayman, with registered number 109886. The registered office of AliveDx is 71 Fort Street, PO Box 500, Grand Cayman, Cayman Islands, KY1-1106.

The controlling party of the company is Highbridge Capital Management LLC ("Highbridge"). The registered office of Highbridge is 277 Park Avenue, 23rd Floor, New York, NY, 10172.

22. Capital commitments

At 31 March 2023 the Company had £nil (2022 – £78,000) capital commitments.

Notes to the financial statements

at 31 March 2023

23. Cash flow note

	2023 £	2022 £
Profit for the financial year	1,664,748	1,984,274
Adjustments to reconcile profit for the year to net cash flow from operating activities:		
Interest payable and similar charges	12,613	43,133
Interest receivable and similar income	(1,971)	(40)
Depreciation on tangible fixed assets	2,090,532	2,101,291
Amortisation of intangible fixed assets	36,973	42,892
Non-cash provision movement	(210,940)	913,196
Share based payment	162,780	161,700
Movement on cash flow hedge reserve	-	(257,573)
Increase in inventories	(1,076,159)	(137,759)
Increase in debtors	(168,118)	(1,153,832)
Increase/(decrease) in creditors	728,454	(1,066,107)
Increase in long-term accruals	448,820	488,748
	<u>2,022,984</u>	<u>1,135,649</u>
Net cash inflow from operating activities	<u>3,687,732</u>	<u>3,119,923</u>

24. Related Parties

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 March, are as follows:

	<i>Sales to related parties</i> £	<i>Services recharged to related parties</i> £	<i>Purchases from related parties</i> £	<i>Amounts owed from related parties</i> £	<i>Amounts owed to related parties</i> £
<i>Entities within the AliveDx group</i>					
2023	7,553,809	9,105,676	-	863,268	-
2022	<u>7,655,646</u>	<u>8,738,858</u>	<u>-</u>	<u>-</u>	<u>(6,150,736)</u>