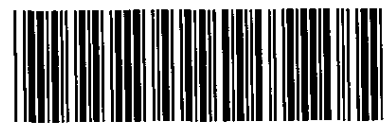


REGISTERED NUMBER: 02498351 (England and Wales)

Directors' Report and  
Unaudited Financial Statements for the Year Ended 31 December 2021  
for  
Perceptive Instruments Limited

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# Perceptive Instruments Limited

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# Perceptive Instruments Limited

## Company Information

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### **DIRECTORS**

P J Reason  
D M Sherwin  
N J Goldsmith

### **SECRETARY**

Oakwood Corporate Secretary Limited

### **REGISTERED NUMBER**

02498351 (England and Wales)

### **REGISTERED OFFICE**

Diamond Way  
*Stone Business Park*  
Stone  
Staffordshire  
ST15 0SD

### **BANKER**

HSBC UK Bank Plc  
9th Floor, Liver Building  
Pier Head  
Liverpool L3 1JH

# Perceptive Instruments Limited

## Directors' Report

For the year ended 31 December 2021

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The directors present their report with the financial statements of Perceptive Instruments Limited (the "Company") for the year ended 31 December 2021.

### PRINCIPAL ACTIVITIES

The Company is part of the Instem plc group (the 'Group'), which is a leading supplier of IT applications to the life sciences healthcare market, delivering compelling solutions for data collection, management and analysis across the R&D continuum. The principal activity of Perceptive Instruments Limited is the design, development, supply, installation and support of software and hardware for image analysis and data processing primarily for pharmaceutical, agrochemical, food and other industrial applications.

### REVIEW OF THE BUSINESS

The Company's revenue increased to £1,155,000 (2020: £1,053,000), due to software sales. Profit for the year decreased to £730,000 (2020: £953,000).

### DIVIDENDS

The directors do not recommend the payment of a dividend (2020: £nil).

### POLITICAL DONATIONS

The Company made no political donations in 2021 or 2020.

### DIRECTORS' RESPONSIBILITY UNDER GREEN HOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

The Company has reviewed the requirements of the Environmental Reporting guidelines. The Company does not qualify as a large Company and therefore the Company is not required to prepare an Energy and Carbon Report.

### RESEARCH AND DEVELOPMENT ACTIVITIES

The Company continues its development programme of software for the global pharmaceutical market including the research and development of new products and enhancement to existing products. The directors consider the investment in research and development to be fundamental to the success of the business in the future.

### FUTURE DEVELOPMENTS

The directors consider that the continued investment in product and market development will allow the business to grow organically in its core markets. Investment in business growth initiatives will also allow the business to move into new product and market areas.

Increased revenue predictability provides a strong foundation from which the business can grow as it builds on the momentum achieved during 2021. The Company has remained very active and the directors continue to have confidence in the longer-term outlook for the business.

The uncertainty as to the future impact on the Group of the COVID-19 outbreak and ongoing conflict between Ukraine and Russia has been considered as part of the Company's adoption of the going concern basis. Thus far we have not observed any material impact on our overall existing business, or in the level of new business opportunities that are being presented to us in the markets in which we operate.

### EMPLOYEES

The employees are critical to the success of the business and the Company focus considerable on their positive engagement. This commences from their initial induction into the Group where new joiners are introduced to Group Values and Culture Handbook, which provide a framework for ensuring an alignment between Group and employee interests. There is frequent and open communication with employees, who are encouraged to share their opinions, informally and through regular surveys, both attributable and anonymously. Instem has consistently used the Gallup Q12 engagement questions in its surveys to identify trends and its survey questions have been expanded over recent years to align with those used by the Great Place to Work® organisation.

# Perceptive Instruments Limited

## Directors' Report

For the year ended 31 December 2021

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Employee-led, location specific Action Groups propose and implement changes to address employee identified opportunities for improvement. Proposals are considered by the Executive management team and actioned accordingly.

### STATEMENT ON ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE COMPANY

Directors acknowledge the importance of forming and retaining a constructive relationship with all stakeholder groups. Effective engagement with stakeholders enables the Board to ensure stakeholder interests are considered when making decisions and is crucial for achieving the long-term success of the Company.

### DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

P J Reason

D M Sherwin

N J Goldsmith

### INDEMNITY OF DIRECTORS

Under the Company's Articles of Association and subject to the provisions of the Companies Act, the Company may and has indemnified all directors and other officers against liability incurred in the execution or discharge of their duties or the exercise of their powers, including but not limited to any liability for the costs of any legal proceedings. The Group has purchased and maintains appropriate insurance cover against legal action brought against directors or officers.

### CORONAVIRUS (COVID-19)

The risk to the Company, as for any business, is that the COVID-19 pandemic impacts new and existing business activities as clients and suppliers focus on short term priorities arising from the pandemic, or struggle to remain in business.

The Instem group, including Perceptive Instruments Limited, remains well placed and has seen minimal impact from COVID-19, with working from home practices implemented and the majority of its business relatively unaffected. The market dynamics were highlighted further by the ongoing COVID-19 pandemic, which presented a number of new opportunities as R&D increased with all the major companies focusing on developing vaccines or therapies.

### GOING CONCERN

The Directors have assessed the Group's financial position and liquidity at the end of the reporting period and for the forecast period up to 31 August 2023. The going concern period covered the 12 months from the date of signing the Group's financial statements. For the going concern assessment please refer to page 12.

### SECTION 479A OF THE COMPANIES ACT 2006

The Company has taken advantage of the exemption from audit of the financial statements under Section 479A of the Companies Act 2006. The Company's results are included in the audited, consolidated accounts of the parent company, Instem plc.

### SUBSEQUENT EVENTS

Events occurring after the balance sheet date have been disclosed in accordance with IAS 10, 'Events after the reporting period'. Details are provided in note 21 to the Financial Statements.

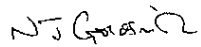
# Perceptive Instruments Limited

Directors' Report

For the year ended 31 December 2021

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By order of the board



**N J Goldsmith**  
Director

31 August 2022

# Perceptive Instruments Limited

## Statement of Directors' Responsibilities

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The directors are responsible for preparing 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 and 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

# Perceptive Instruments Limited

Statement of Comprehensive Income  
For the year ended 31 December 2021

	Notes	2021 £000	2020 £000
<b>REVENUE</b>	3	1,155	1,053
Staff costs	4	(108)	(110)
Depreciation and amortisation	9, 10	(104)	(81)
Other operating expenses		(129)	107
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>		814	969
Interest receivable and similar income	5	-	3
Interest payable and similar expenses	6	(43)	(1)
		<hr/>	<hr/>
<b>PROFIT BEFORE TAXATION</b>	7	771	971
Taxation	8	(41)	(18)
		<hr/>	<hr/>
<b>PROFIT FOR THE YEAR</b>		730	953
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss:			
Deferred tax on share options	16	-	40
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		730	993
		<hr/>	<hr/>

The notes on pages 10 to 30 form part of these financial statements.



# Perceptive Instruments Limited

## Statement of Financial Position

At 31 December 2021

		2021		2020	
	Notes	£000	£000	£000	£000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Intangible assets	9	591		516	
Tangible assets	10	-		-	
Right of use assets	11	8		22	
<b>TOTAL NON-CURRENT ASSETS</b>			599		538
<b>CURRENT ASSETS</b>					
Stocks	13	58		43	
Trade and other receivables	12	3,470		3,561	
Cash and cash equivalents		1,347		481	
<b>TOTAL CURRENT ASSETS</b>			4,875		4,085
<b>TOTAL ASSETS</b>			5,474		4,623
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	14	35		28	
Lease liabilities	11	2		17	
Deferred income	15	196		106	
<b>TOTAL CURRENT LIABILITIES</b>			233		151
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities	11	-		2	
Deferred tax liability	16	28		37	
<b>TOTAL NON-CURRENT LIABILITIES</b>			28		39
<b>TOTAL LIABILITIES</b>			261		190
<b>EQUITY</b>					
Share capital	17	-		-	
Capital contribution reserve		156		106	
Retained earnings		5,057		4,327	
<b>TOTAL EQUITY</b>			5,213		4,433
<b>TOTAL EQUITY AND LIABILITIES</b>			5,474		4,623

Company Registration No. 02498351

The notes on pages 10 to 30 form part of these financial statements.

# Perceptive Instruments Limited

## Statement of Financial Position

At 31 December 2021

---

The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2021.

The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

The financial statements on pages 6 to 30 were approved by the board of directors and authorised for issue on 31 August 2022 and are signed on its behalf by:



**N J Goldsmith**  
Director

Company Registration No. 02498351

# Perceptive Instruments Limited

## Statement of Changes in Equity

	Share capital £000	Capital contribution reserve £000	Retained earnings £000	Total £000
<b>Balance as at 1 January 2020</b>	-	106	3,334	3,440
Profit for the financial year	-	-	953	953
Other Comprehensive Income	-	-	40	40
<b>Balance as at 31 December 2020</b>	-	106	4,327	4,433
Profit for the financial year	-	-	730	730
Other Comprehensive Income	-	-	-	-
Deferred tax on share options	16	50	-	50
<b>Balance as at 31 December 2021</b>	-	156	5,057	5,213

The notes on pages 10 to 30 form part of these financial statements

# Perceptive Instruments Limited

## Notes to the Financial Statements

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### 1. STATUTORY INFORMATION

Perceptive Instruments Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The principal activity of the Company is the design, development, supply, installation and support of software and hardware for image analysis and data processing primarily for the pharmaceutical, agrochemical, food and other industrial applications.

The address of the Company's registered office is Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD, UK.

### 2. ACCOUNTING POLICIES

#### STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

#### BASIS OF PREPARATION

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC).

These financial statements of Perceptive Instruments Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). This framework is issued by the FRC incorporating 'The Amendments to FRS 101' issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

The financial statements have been prepared on a going concern basis and prepared on the historical cost basis. Further details are contained in the Going Concern section of the Accounting Policies.

The Company has taken advantage of the exemption from audit of the financial statements under Section 479A of the Companies Act 2006. The Company's results are included in the parent company's consolidated accounts.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;

# Perceptive Instruments Limited

## Notes to the Financial Statements

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### 2. ACCOUNTING POLICIES - continued

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

#### ADOPTION OF IFRS

The Company financial statements have been prepared in accordance with IFRS, IAS and International Financial Reporting Interpretations Committee (IFRICs) effective as at 31 December 2021. The Group and Company have chosen not to adopt any amendments or revised standards early.

#### IFRSs ADOPTED IN THE YEAR

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB which are all effective from 1 January 2021. The most significant of these are as follows:

- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Those standards, amendments to standards, and interpretations have been adopted and did not have a material impact on the accounting policies of the Company.

#### IFRSs ISSUED BUT NOT YET EFFECTIVE

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2022:

- Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities
- Amendments to IAS12 'Deferred tax' on deferred tax related to assets and liabilities arising from a single transaction
- IFRS 3 'Business combination', reference to the Conceptual Framework and IAS 37, 'Provisions', on onerous contracts
- A number of narrow-scope amendments to IFRS1, IAS 8, IAS16 and IAS17
- A number of annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

# Perceptive Instruments Limited

## Notes to the Financial Statements

### 2. ACCOUNTING POLICIES - continued

#### GOING CONCERN

The Company's assessment for going concern relies on the financial position of Instem plc (Group). A letter of support was provided by Instem plc such that, if the Company found itself in a difficult financial position, the Group would become responsible for the going concern of the subsidiary.

#### *Background*

The Directors have adopted the going concern basis in preparing these financial statements after careful assessment of identified principal risks and the possible adverse impact on financial performance. The Directors have assessed the financial position and liquidity at the end of the reporting period and for the forecast period up to 31 August 2023, including sensitivity analysis. The going concern period covers the 12 months from the date of signing the financial statements. The process and key judgments in coming to this conclusion are set out below.

#### *Current trading and liquidity*

The Group's trading performance for the year ended 31 December 2021 has been strong with Revenues of £46.0m and Adjusted EBITDA of £8.3m. Instem is fully operational, with all staff in all territories working from home in accordance with governmental guidelines, no staff were furloughed and there is no intention of curtailing any business activities. The company has continued to recruit staff across its geographic footprint.

The Group signed a new financing arrangement on 8 April 2022, which consists of a committed facility of £10.0m with HSBC UK Bank plc to support the Group's working capital needs and its acquisition strategy, which can be extended up to £20.0m if needed, subject to further bank approval. The financial covenants have been considered in the forecast to ensure compliance. As of 31 December 2021, the Group had a net overdraft facility of £0.5m and a gross facility of £9.0m with NatWest Bank plc. As of 31 December 2021, the net overdraft facility with NatWest Bank plc was undrawn (2020: undrawn).

#### *Sensitivity Analysis*

The Company has considered two scenarios the (a) Base Case Scenario and (b) Sensitised Scenario which are also linked to the company's risks when modelling the forecast results and cash flow.

Despite the negative impact of these sensitivities the model demonstrated that the Group remained viable, even though profitability and cash over the next twelve months was reduced. Finally, the Group is expected to remain a going concern even applying the downside scenario sensitivity analysis throughout the forecast period to 31 August 2023, by taking sufficient remedial action.

#### *Conclusion and Going Concern Statement*

After considering the uncertainties described above, the directors have a reasonable expectation that the Group and consequently the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing Perceptive Instruments Limited annual report and accounts as a letter of support was provided by Instem plc, the Company's parent company.

#### REVENUE RECOGNITION

The Company generates revenue from the provision of software licences and annual support.

At contract inception, an assessment is completed to identify the performance obligations in each contract. Performance obligations in a contract are either goods or services that are distinct or part of a series of goods or services that are substantially the same and have the same pattern of transfer to the customer. Promises that are not distinct are combined with other promised goods or services in the contract, until a performance obligation is satisfied.

# Perceptive Instruments Limited

## Notes to the Financial Statements

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### 2. ACCOUNTING POLICIES – continued

At contract inception, the transaction price is determined, being the amount that the Company expects to receive for transferring the promised goods or services. The transaction price is allocated to the performance obligations in the contract based on their relative standalone selling prices. The Company has determined that the contractually stated price represents the standalone selling price for each performance obligation.

Revenue is recognised when a performance obligation has been satisfied by transferring the promised product or service to the customer.

#### *Software licences*

Licence revenue comprises the sale of software licences by the Company. The revenue from software licences is recognised when the customer takes possession of the software which is usually when the licence key is provided to the customer. This is because the software is functional at the time the licence transfers to the customer and the Company is not required or expected to undertake activities that significantly affect the utility of the intellectual property by the customer.

#### *Annual support*

Customers typically enter into a support contract for a period of twelve months. This contract provides the customer with access to technical support and software upgrades. The promise in these contracts is a single performance obligation, which is satisfied over time as the customer consumes the benefits of the service consistently over the contract term. Revenue in respect of the single performance obligation is recognised evenly over the contract term.

#### *Bundled contracts*

Software licences, professional services - and annual support are often bundled together in a contract.

Where the contract assessment identifies that the sale does not meet the criteria to be a distinct performance obligation, due to a lack of interdependence between performance obligations, promises that are not distinct are combined with other promised goods or services in the contract, until a performance obligation is satisfied. Revenue in respect of this bundled performance obligation is recognised over the period of the contracted obligation on a straight-line basis.

#### *Amounts recoverable on contracts and deferred income*

In most cases, customers are invoiced and payment is received in advance of revenue being recognised in the income statement. Amounts recoverable on contracts and deferred income is the difference between amounts invoiced to customers and revenue recognised under the policy described above.

For professional services and technology enabled outsourced services the Company will raise an invoice to the customer only if the performance obligation based on the agreement would be met.

Consequently, if the amount of revenue recognised exceeds the amounts invoiced the excess amount is included within amounts recoverable on contracts.

In comparison if customers are invoiced and payment is received in advance of revenue being recognised in the income statement then deferred income is recognised.

# Perceptive Instruments Limited

## Notes to the Financial Statements

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### 2. ACCOUNTING POLICIES - continued

#### *Contract fulfilment asset*

Contract fulfilment assets are amortised over the expected contract period on a systematic basis representing the pattern in which control of the associated service is transferred to the customer.

#### *Practical exemptions*

The Company has taken advantage of the following practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less;
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less; and
- to not disclose information relating to performance obligations for contracts that had an original expected duration of one year or less or where the right to consideration from a customer is an amount that corresponds directly with the value of the completed performance obligations.

#### **INTEREST RECEIVABLE AND SIMILAR INCOME**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Finance income includes exchange gains (including exchange gains on the translation of intra-group funding balances).

#### **INTEREST PAYABLE AND SIMILAR EXPENSES**

Net finance costs include interest payable, arrangement and service fees, exchange losses (including exchange losses on the translation of inter-company funding balances), unwinding discount from future deferred consideration payments, finance charges on leases and net interest on pension scheme liabilities. Interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

#### **FOREIGN CURRENCIES**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### **FINANCIAL INSTRUMENTS**

The Company complies with IFRS 9 Financial Instruments. IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. IFRS 9 requires an entity to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument and requires entities to recognise expected credit losses for all financial assets held at amortised cost, including most intercompany loans from the perspective of the lender.



# Perceptive Instruments Limited

## Notes to the Financial Statements

### 2. ACCOUNTING POLICIES – *continued*

#### **OPERATING PROFIT AND LOSS BEFORE INTEREST RECEIVABLE AND PAYABLE**

Operating profit and loss before interest receivable and payable is profit and losses arising from the Company's normal trading activities, after charges for depreciation of tangible and right of use assets and amortisation of intangibles.

#### **SHARE-BASED PAYMENT TRANSACTIONS**

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. Fair values are measured by use of the Binomial, Monte Carlo or Black Scholes models. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the option at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date. Market vesting conditions are linked to the Group's share price performance. Non-market vesting conditions are linked to trading performance and *service over defined time periods*.

Cancelled or settled options are accounted for as an acceleration of vesting. The unrecognised grant date fair value is recognised in profit or loss in the year that the options are cancelled or settled. Where the terms of the options are modified and the modification increases the fair value or number of equity instruments granted, measured immediately before and after the modification, the incremental fair value is spread over the remaining vesting period.

Options over the Group's shares granted to employees of subsidiaries are recognised by the Company as a capital contribution.

#### **TAXATION**

Taxation expense includes the amount of current income tax payable and the charge for the year in respect of deferred taxation.

The income tax payable is based on an estimation of the amount due on the taxable profit for the year. Taxable profit is different from profit before tax as reported in the statement of comprehensive income *because it excludes items of income or expenditure which are not taxable or deductible in the year as a result of either the nature of the item or the fact that it is taxable or deductible in another year*. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Income tax credits for research and development activities are recognised on a cash basis or when their receipt is reasonably certain.

Deferred tax is accounted for on the basis of temporary differences arising from the differences between the tax base and accounting base of assets and liabilities.

Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or liability in a transaction that is not a business combination. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

# Perceptive Instruments Limited

## Notes to the Financial Statements

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### 2. ACCOUNTING POLICIES - *continued*

Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case it is dealt with within equity. It is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

#### **INTANGIBLE ASSETS**

##### *Internally generated intangible assets*

Expenditure on research activities is recognised in the statement of comprehensive income as incurred.

Expenditure arising from the Group's development of software for sale to third parties is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the Group has the intention to complete the asset and the ability and intention to use or sell it;
- *the product or process is technically and commercially feasible; and*
- sufficient resources are available to complete the development and to either sell or use the asset.

Capitalised development costs are those which are directly attributable to the development activity and include employee costs, overheads and direct third party costs.

Where the criteria have not been achieved, development expenditure is recognised in profit or loss in the period in which it is incurred.

Internally-generated intangible assets are amortised, once the product is available for use, on a straight-line basis over their useful lives (five to eight years). Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### **TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated in the statement of financial position at cost less accumulated depreciation and provision for impairments.

Depreciation is provided on all assets so as to write off the cost less estimated residual value on a straight line basis as follows:

Leasehold property improvements	- over the life of the lease
Fixtures and fittings	- 25% per annum
Computer equipment	- 25% per annum

The expected useful lives and residual values of tangible fixed assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

*The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.*

# Perceptive Instruments Limited

## Notes to the Financial Statements

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### 2. ACCOUNTING POLICIES - continued

#### FINANCIAL INSTRUMENTS

##### *Financial assets*

The Company classifies its financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### *Financial assets at amortised cost*

These assets arise principally from the provision of goods and services to customers (for example, trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost, less provision for impairment.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

##### *Trade debtors*

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer) they are classified as current assets, if not, they are presented as non-current assets. Trade and other receivables are measured at the transaction price in accordance with IFRS 15.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 5 years before 31 December 2021 (2020: 31 December 2020) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The contract assets relate to unbilled revenue, which have performance obligations to be completed. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

At each reporting date management assesses whether any events have occurred which have had a detrimental effect on the estimated future cash flows of the asset causing a financial asset to become credit-impaired. If the credit risk is significant a provision is posted based on the recoverable amount the Company is expected to receive per management's assessment. Specific provisions of this nature are excluded from the simplified credit loss calculation using the provision matrix.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and cash deposits which are readily convertible to a known amount of cash. Cash and cash equivalents in the statement of financial position include bank overdrafts. An offset position is reported as the Company has a legal right to set off and any settlement would be on a net basis. For the purposes of the cash flow statement, cash and cash equivalents include bank overdrafts which are repayable on demand and are an integral part of Company cash management.

# Perceptive Instruments Limited

## Notes to the Financial Statements

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### 2. ACCOUNTING POLICIES - continued

#### *Intercompany receivables*

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. The amount of any provision is recognised in the income statement within other operating expense.

#### *Financial liabilities and equity*

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

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Trade and other payables*

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost.

#### *Ordinary share capital*

For ordinary share capital, the par value is recognised in share capital and the premium in the share premium reserve.

### **LEASES**

The Company as a Lessee

The Company makes use of leasing arrangements principally for the provision of office space. The Company does not enter into sale and leaseback arrangements.

The Company assesses whether a contract is a lease or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices. The Company has elected to not separate its leases for offices into lease and non-lease components and instead accounts for these contracts as a single lease component.

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group could have to pay to borrow the same amount over a similar term and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

# Perceptive Instruments Limited

## Notes to the Financial Statements

### 2. ACCOUNTING POLICIES - continued

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed) and variable payments based on an index or rate.

In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right of use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right of use asset is adjusted by the same amount.

# Perceptive Instruments Limited

## Notes to the Financial Statements

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### 2. ACCOUNTING POLICIES - continued

In determining the lease term, the Company assesses whether it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. This assessment is made at the start of the lease and is re-assessed if significant events or changes in circumstances occur that are within the lessee's control.

The Company applies judgement in determining whether individual leases can be accounted for as a portfolio. The judgements include an assessment of whether the leases share similar characteristics and whether the financial statements would be materially different if each lease was accounted for individually.

Where rental agreements include market rate escalations, the lease liability is re-measured when the change in cash payments takes effect.

The Company has elected to account for short-term leases assets using practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as *an expense in profit or loss on a straight-line basis over the lease term*.

#### STOCKS

Inventory is stated at the lower of cost and net realisable value. The cost of work in progress comprises direct labour and other direct costs and includes billable employee expenses.

Provision is made where necessary for obsolete and slow moving inventory.

#### RETIREMENT BENEFITS

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### CAPITAL CONTRIBUTION RESERVE

The Company contributes towards equity-settled share-based payments to certain employees, made by its parent company, Instem plc. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. A cost is recognised in the Company relating to the employees of the Company who hold these instruments and an equivalent amount is recognised as a movement in the capital contribution reserve.

#### IMPAIRMENT OF ASSETS

The carrying value of property, plant and equipment and intangible assets (excluding goodwill) is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

At each reporting date the Company reviews the carrying value of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

# Perceptive Instruments Limited

## Notes to the Financial Statements

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### 2. ACCOUNTING POLICIES - continued

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

#### RETAINED EARNINGS

The retained earnings reserve includes the accumulated profits and losses arising from the 'Statement of Comprehensive Income' and certain items from 'Other Comprehensive Income' attributable to equity shareholders net of distributions to shareholders.

#### SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the process of applying the Company's accounting policies, which are described above, management have made judgements and estimations about the future that have the most significant effect on the amounts recognised in the financial statements. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

##### Significant judgements

The following judgement has the most significant effect on the financial statements.

##### Revenue Recognition

The Company generates revenue from the provision of annual support, professional services and technology enabled outsourced services. Professional services and annual support are often bundled together in a contract which do not meet the criteria to be distinct performance obligation.

Even though, the promise to transfer services to the customer are separately identifiable, the nature in the context of the contract, is to transfer combined services. The goods or services are highly interdependent, interrelated and the Group would not be able to fulfil its promise by transferring each of the goods or services independently.

Judgement is applied in determining how many performance obligations there are within each contract and the period in which these obligations will be fulfilled and recognised as revenue, based on the Company's accounting policies. For SaaS subscription, subscription and support and annual support the Company determines for each contract whether the promise is considered to be a single performance obligation as the subscription and support are highly interdependent on one another given that the customers are required to take the full package of both the software and support services i.e. Instem would not be able to provide the support services without the provision of the software nor provide the software without the support services.

##### Estimation uncertainty

There are no significant estimates in respect of the Company's financial statements.

# Perceptive Instruments Limited

## Notes to the Financial Statements

### 3. REVENUE

The revenue and profit before taxation of the Company is attributable and reported in one Group business segment, Study Management.

An analysis of revenue by geographical market is given below:

	2021 £000	2020 £000
United Kingdom	733	302
Rest of Europe	259	250
USA	126	457
Rest of the World	37	44
	<u>1,155</u>	<u>1,053</u>

### 4. EMPLOYEES AND DIRECTORS

The average monthly number of persons (including directors) employed by the Company during the year was:

	2021 Number	2020 Number
Directors and administration	3	4
Scientific and technical	1	1
	<u>4</u>	<u>5</u>

Staff costs for the above persons:

	2021 £000	2020 £000
Wages and salaries	88	91
Social security costs	11	10
Other pension costs	9	9
	<u>108</u>	<u>110</u>

Directors' remuneration was:

	2021 £000	2020 £000
Emoluments	-	-

The directors of the Company are remunerated by other companies within the Instem group during the year ended 31 December 2021. There are no directors accruing pension benefits as at 31 December 2021 (2020: nil).



# Perceptive Instruments Limited

## Notes to the Financial Statements

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £000	2020 £000
Foreign exchange gains	-	3
	<u>-</u>	<u>3</u>
	<u>-</u>	<u>3</u>

### 6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £000	2020 £000
Foreign exchange losses	43	-
Right of use finance costs	-	1
	<u>43</u>	<u>1</u>
	<u>43</u>	<u>1</u>

### 7. PROFIT BEFORE TAXATION

	2021 £000	2020 £000
Profit before taxation is stated after charging:		
Depreciation – owned assets (note 9)	-	3
Depreciation – right of use assets (note 9)	16	16
Internally generated software amortisation	88	62
	<u>104</u>	<u>81</u>

# Perceptive Instruments Limited

## Notes to the Financial Statements

### 8. TAXATION

	2021 £000	2020 £000
Income taxes recognised in profit or loss		
Current tax:		
UK corporation tax	-	-
Total current tax charge	-	-
Deferred tax:		
Current year charge	(41)	(18)
Total deferred tax charge	(41)	(18)
Total income charge recognised in the current year	(41)	(18)
	2021 £000	2020 £000
The income tax charge can be reconciled to the accounting profit as follows:		
Profit before tax	771	969
Profit multiplied by standard rate of corporation tax in the UK 19.0% (2020: 19.0%)	(146)	(185)
Effects of:		
Expenses not allowable for tax purposes	-	54
Group loss relief	107	94
Enhanced R&D tax relief	25	25
Other temporary differences	-	-
Impact of change in tax rate	(33)	(7)
Adjustment in respect of prior years deferred tax	6	1
Total income tax charge recognised in statement of comprehensive income	(41)	(18)

The UK corporation tax is calculated at the prevailing rate of 19%. Foreign tax liabilities are calculated at the prevailing tax rates applying in the overseas tax jurisdictions.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had been substantively enacted at the balance sheet date, its effects are included in these financial statements as a change from 19% to 25% on deferred tax.

# Perceptive Instruments Limited

## Notes to the Financial Statements

### 9. INTANGIBLE FIXED ASSETS

	Internally generated software £000
<b>Cost</b>	
At 1 January 2021	668
Additions	163
At 31 December 2021	831
<b>Amortisation</b>	
At 1 January 2021	152
Charge for year	88
At 31 December 2021	240
<b>Net book value</b>	
At 31 December 2021	591
At 31 December 2020	516

Amortisation is recognised in amortisation costs in the Statement of Comprehensive Income.

### 10. TANGIBLE FIXED ASSETS

	Right of use assets £000	Fixtures and fittings £000	Freehold property £000	Computer equipment £000	Total £000
<b>Cost</b>					
At 1 January 2021	54	18	-	26	98
Additions	2	-	-	-	2
At 31 December 2021	56	18	-	26	100
<b>Depreciation</b>					
At 1 January 2021	32	18	-	26	76
Charge for year	16	-	-	-	16
At 31 December 2021	48	18	-	26	92
<b>Net book value</b>					
At 31 December 2021	8	-	-	-	8
At 31 December 2020	22	-	-	-	22

# Perceptive Instruments Limited

## Notes to the Financial Statements

### 10. TANGIBLE FIXED ASSETS - continued

The net book value of tangible fixed assets at 31 December 2021, excluding the right of use assets, is £nil (2020: £ nil).

### 11. LEASES

#### Nature of leasing activities in the capacity of lessee

The Company lease one office in the jurisdiction from which it operates. In this jurisdiction the periodic rent is fixed over the lease term, with inflationary increases incorporated into the fixed payments stipulated in the lease agreements. Where rental agreements include market rate escalations, the lease liability is re-measured when the change in cash payments takes effect. With the exception of short-term leases, leases of low value underlying assets, with less than twelve months remaining on the lease as at 31 December 2021, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right of use asset can only be used by the Company. The lease will expire in May 2022 and it was decided not to extend the lease for a further term. For the office lease the Company must keep that property in a good state of repair and return the property in its original condition at the end of the lease.

The table below describes the nature of the Company's leasing activities by type of right of use asset recognised on the balance sheet:

<u>Right of use assets</u>	<u>No of right of assets leased</u>	<u>Range of remaining term</u>
Office buildings	1	0.4 years
<b>Right of use assets</b>		£000
<b>Cost</b>		
At 1 January 2021		54
Additions		2
		<hr/>
At 31 December 2021		56
<b>Depreciation</b>		
At 1 January 2021		32
Charge for year		16
		<hr/>
At 31 December 2021		48
<b>Net book value</b>		
At 31 December 2021		8
		<hr/>
At 31 December 2020		22
		<hr/>

# Perceptive Instruments Limited

## Notes to the Financial Statements

### 11. LEASES continued

#### Lease Liabilities

	2021 £000	2020 £000
At 1 January	19	35
Interest expense	-	1
Lease payments	(17)	(17)
At 31 December	<u>2</u>	<u>19</u>

Lease liabilities are presented in the statement of financial position as follows:

	2021 £000	2020 £000
Current liability	2	17
Non-current liability	-	2
	<u>2</u>	<u>19</u>

#### Lease liability maturity analysis

As at 31 December 2021	1 year or less £000	2 to 5 years £000	After 5 years £000	Total £000
Lease liabilities	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2020	1 year or less £000	2 to 5 years £000	After 5 years £000	Total £000
Lease liabilities	<u>17</u>	<u>2</u>	<u>-</u>	<u>19</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in the consolidated statement of comprehensive income:

	2021 £000	2020 £000
Interest expense	-	1
Amortisation of right of use assets	<u>16</u>	<u>16</u>

The total cash outflow for leases in 2021 was £17,000 (2020: £17,000)

# Perceptive Instruments Limited

## Notes to the Financial Statements

### 12. TRADE AND OTHER RECEIVABLES

	2021 £000	2020 £000
Trade receivables	120	21
Amounts owed by group undertakings	3,336	3,521
Amounts recoverable on contracts	8	16
Other Debtors	6	3
	<u>3,470</u>	<u>3,561</u>

Trade receivables of £nil (2020: £nil) fall due after more than one year.

#### *Definition of default*

A loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

#### *Impairment of trade receivables*

The probability of default is determined at the year-end based on the ageing of the receivables, historical data about default rates. That data is adjusted if the Company determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

#### *Impairment of group receivables*

The Company assesses the expected credit loss in respect of group receivables based on their ability to repay and recover the balance. In the absence of agreed terms this consideration is given over the expected period of repayment and any expected credit loss. The Company is required to calculate expected credit losses on all financial assets, including intercompany receivables within the scope of IFRS 9, 'Financial Instruments'. Intercompany positions are eliminated in the Group consolidated financial statements. At the period end an allowance has been made for credit impairment of group receivables of £34,000 (2020: £35,000).

Amounts owed by group undertakings are unsecured, interest free have no fixed date of repayment and are repayable on demand.

### 13. STOCKS

	2021 £000	2020 £000
Work-in-progress	58	43
	<u>58</u>	<u>43</u>

# Perceptive Instruments Limited

## Notes to the Financial Statements

### 14. TRADE AND OTHER PAYABLES

	2021 £000	2020 £000
Trade payables	11	6
Amounts owed to group undertakings	3	2
Other taxation and social security costs	3	1
Accrued expenses	18	19
	<u>35</u>	<u>28</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 15. DEFERRED INCOME

	2021 £000	2020 £000
Deferred income	196	106

Deferred income represents consideration received from customers in advance of work being completed plus maintenance and support income, which is invoiced in advance.

### 16. DEFERRED TAX

	2021 £000	2020 £000
Deferred tax liability		
Amounts due after 12 months	28	37

The following are the major deferred tax liabilities recognised by the Company and the movements thereon during the year:

<i>Deferred tax liability</i>	<i>Other timing difference £000</i>
At 1 January 2021	37
Charge to profit for the year	41
Credit direct to equity	(50)
	<u>28</u>
At 31 December 2021	

# Perceptive Instruments Limited

## Notes to the Financial Statements

### 17. SHARE CAPITAL

	2021 £	2020 £
<i>Allotted, called-up and fully paid:</i>		
57 Ordinary shares of £1 each	57	57

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

### 18. PENSION COMMITMENTS

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 charge represents contributions payable by the Company and amounted to £9,000 (2020: £9,000). Contributions totalling £nil (2020: £nil) were payable to the fund at the balance sheet date and are included in creditors.

### 19. CONTINGENT LIABILITY

The assets of the Company were used as security for the borrowings of Instem Life Science Systems Limited, a fellow subsidiary of Instem plc, in 2021. During 2022, the bank overdraft has been repaid.

### 20. ULTIMATE PARENT COMPANY

The ultimate and immediate parent company of Perceptive Instruments Limited is Instem plc, a company incorporated and registered in England and Wales.

Instem plc is the smallest and largest group in which the results of the Company are consolidated. The consolidated financial statements of this company may be obtained from Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD, UK or at [www.instem.com](http://www.instem.com).

### 21. SUBSEQUENT EVENTS

No adjusting events have occurred between the 31 December 2021 reporting date and the date of approval of these financial statements.

On 8 April 2022, the Group signed a new financing arrangement which consists of a committed facility of £10.0m with HSBC UK Bank plc to support the Group's working capital needs and its acquisition strategy, which can be extended up to £20.0m if needed, subject to further bank approval. The financial covenants have been considered in the forecast to ensure compliance.