Registered number: 03636143

CELLO HEALTH GROUP LIMITED (FORMERLY CELLO SIGNAL GROUP LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY INFORMATION

Directors	M Bentley J Rowley M Scott R Marsham B Hosey M Huynh
Company secretary	Mark Bentley
Registered number	03636143
Registered office	Queens House 8-9 Queen Street London EC4N 1SP
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	The Royal Bank of Scotland 62-63 Threadneedle Street London EC2R 8LA

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL ACTIVITIES

The Company acts as an intermediate holding company for undertakings included in the Cello Signal operating group of Cello Health Limited (formerly Cello Health plc). The principal activity of the Company is the provision of management services to its subsidiaries and is not expected to change in the foreseeable future.

The Directors have provided an analysis of the entity's performance in the results section within the Directors' report.

KEY PERFORMANCE INDICATORS (KPIs)

KPIs are used within the business to manage the performance of the whole business, management and staff. The main financial KPIs relate to net revenue and operating profit.

During the year, the Company reported net revenue of £543,244 (2018: £488,373) which represents an increase of 11.2% from prior year due to higher management recharges to group companies. Net revenue represents recharges to other companies in the group for the provision of management services. The Company made an operating loss of £127,856 (2018: profit £280,180). The operating loss in the year was as a result of recognising an impairment charge of £171,465 (2018: £336,156), as detailed in note 4 to the financial statements. Profit in the prior year was mainly due to an intercompany dividend receivable of £615,996, as shown in Note 5 to the financial statements, compared to nil in 2019. The Company had net current assets of £770,076 and net assets of £2,856,067 as at 31 December 2019.

RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company have been considered and the Directors believe that the appropriate controls and strategies are in place to reduce these to an acceptable level.

The Directors consider the principal risks of the business to be:

Key staff
Our directors and key staff of the company and its subsidiaries are fundamental to the servicing of existing business. All senior staff are subject to locks ins and long term incentive arrangements, and all staff participate in a group wide annual bonus scheme.

COVID-19 and restrictions on staff and client mobility
There have recently been some restrictions on travel for clients and staff arising from the outbreak of COVID-19 across the world. This potentially impacts how staff get to work, delivery of projects, as well as conducting new business and marketing activity. Given that the Company is a holding company, management believes that the direct impact of COVID-19 on the Company will be limited.

Brexit risk
While Brexit may impact general macro conditions, the Company has been considering the risk of Brexit directly on its employee relationships. Given that the Company is a holding company, management believes that the direct impact of Brexit on the Company will be limited.

FINANCIAL RISK MANAGEMENT

The Company's activities may be exposed to certain financial risks, including liquidity risk and credit risk.

Liquidity risk
The Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient liquid financial assets to meet those requirements.

Credit risk
Credit risk predominately arises from trade receivables. The Company only trades with other companies within the Cello Health Limited group, meaning the Company's exposure to bad debt is considered limited.

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

M Bentley
Director
Date: 25 September 2020

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

The Company changed its name from Cello Signal Group Limited to Cello Health Group Limited on 7 February 2020.

The Company has chosen to disclose information about the principle risks and uncertainties and the financial risk management of the business in the Strategic Report on page 1.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors 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.

Results and dividends

The loss for the year, after taxation, amounted to £125,452 *(2018 - profit £285,064)*.

The Directors do not recommend paying a dividend during the year (2018: £500,000).

Directors

The Directors of the Company who served during the year and up to the date of signing the financial statements were:

M Bentley
J Rowley
M Scott
R Marsham
B Hosey
M Huynh

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and also at the date of approval of the financial statements. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Disclosure of information to auditors

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

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

Impact of COVID-19

The COVID-19 pandemic has developed rapidly in 2020, and has affected economic activity. The Company no longer has any employees and plans to carry on being an intermediate holding company, hence there is no direct impact on the business from the COVID-19 pandemic.

Going concern

The Company is an intermediate holding company and will continue to provide management services during the course of the following year. The Company has considerable financial resources and is expected to be profitable next year.

As noted above, the COVID-19 pandemic has developed rapidly in 2020. Given that the Company is an intermediate holding company, the Directors do not expect there to be a direct impact on the operations of the company from the measures taken by the various governments to contain the virus. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Taking trading in the year to date into account along with consideration of forecasts for the forthcoming 12 months, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

M Bentley
Director
Date: 25 September 2020

Independent auditors' report to the members of Cello Health Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cello Health Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to prepare financial statements in accordance with the small companies regime. We have no exceptions to report arising from this responsibility.

Graham Lambert

Graham Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 September 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Net revenue	3	**543,244**	*488,373*
Administrative expenses		**(499,635)**	*(488,033)*
Exceptional administrative expenses	4	**(171,465)**	*(336,156)*
Other operating income	5	**-**	*615,996*
Operating (loss)/profit	6	**(127,856)**	*280,180*
Interest receivable and similar income	9	**12,756**	*10,525*
(Loss)/profit before taxation		**(115,100)**	*290,705*
Tax on (loss)/profit	10	**(10,352)**	*(5,641)*
(Loss)/profit and total comprehensive (loss)/income for the financial year		**(125,452)**	*285,064*

The notes on pages 9 to 20 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	**1,478**	*792*
Investments	13	**2,084,513**	*2,255,978*
		2,085,991	*2,256,770*
Current assets			
Trade and other receivables	14	**1,342,704**	*396,130*
Cash and cash equivalents	15	**47,931**	*508,755*
		1,390,635	*904,885*
Creditors: amounts falling due within one year	16	**(620,559)**	*(212,819)*
Net current assets		**770,076**	*692,066*
Net assets		**2,856,067**	*2,948,836*
Capital and reserves			
Called up share capital	18	**762,177**	*762,177*
Share premium account		**65,738**	*65,738*
Share based payment reserve		**127,672**	*111,847*
Profit and loss account		**1,900,480**	*2,009,074*
Total shareholders' funds		**2,856,067**	*2,948,836*

The Company's financial statements on pages 6 to 20 have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 6 to 20 were approved and authorised for issue by the Board of Directors on 25 September 2020 and were signed on its behalf by:

M Bentley
Director
Date: 25 September 2020

The notes on pages 9 to 20 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total shareholders' funds
	£	£	£	£	£
At 1 January 2018	762,177	65,738	82,746	2,237,800	3,148,461
Comprehensive income for the year					
Profit for the financial year	-	-	-	285,064	285,064
Total comprehensive income for the year	-	-	-	285,064	285,064
Dividends: Equity capital	-	-	-	(500,000)	(500,000)
Tax on share based payments recognised in equity	-	-	-	(13,790)	(13,790)
Share option charge	-	-	29,101	-	29,101
Total transactions with owners	-	-	29,101	(513,790)	(484,689)
At 31 December 2018 and 1 January 2019	762,177	65,738	111,847	2,009,074	2,948,836
Comprehensive income for the year					
Loss for the financial year	-	-	-	(125,452)	(125,452)
Total comprehensive loss for the year	-	-	-	(125,452)	(125,452)
Tax on share based payments recognised in equity	-	-	-	16,858	16,858
Share option charge	-	-	15,825	-	15,825
Total transactions with owners	-	-	15,825	16,858	32,683
At 31 December 2019	762,177	65,738	127,672	1,900,480	2,856,067

The notes on pages 9 to 20 form part of these financial statements.

1. Accounting policies

1.1 General information

Cello Health Group Limited (formerly Cello Signal Group Limited) is a holding company. The Company is a private company limited by shares, it is incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of its registered office is Queens House, 8-9 Queen Street, London, EC4N 1SP.

1.2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated.

1.3 Impact of new international reporting standards, amendments and interpretations

a) New standards, amendments and interpretations

A number of new standards, amendments and interpretations effective for the financial year beginning 1 January 2019 have been adopted. The adoption of these new standards, amendments and interpretations has not led to changes in the Company's accounting policies or had a material impact on the financial position or performance of the Company. The standard relevant to the Company is as follows:

i) IFRS 16 'Leases' introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 supersedes the provisions in IAS 17 Leases and related interpretations.

IFRS 16 removes the distinction between operating leases and finance leases which is replaced by a model where a right-of-use asset and a corresponding lease liability is recognised for all leases by lessees except for leases with low value or a term less than 12 months.

b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for periods ending 31 December 2019 and have not been early adopted by the Company. None of these are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

i) IFRS 3 amendments – definition of a business;
ii) IAS 1 amendments – classification of liabilities and definition of materiality;
iii) Amendments to IFRS 7, IFRS 9 and IAS 39 – interest rate benchmark reform.

1.4 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

1. Accounting policies (continued)

1.5 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 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 paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- 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;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 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 paragraph 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 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.6 Consolidation exemption

The Company is a wholly owned subsidiary of Cello Health Limited. It is included in the consolidated financial statements of Cello Health Limited which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

1.7 Going concern

The Company is an intermediate holding company and will continue to provide management services during the course of the following year. The Company has considerable financial resources and is expected to be profitable next year.

As noted previously, the COVID-19 pandemic has developed rapidly in 2020. Given that the Company is an intermediate holding company, the Directors do not expect there to be a direct impact on the operations of the company from the measures taken by the various governments to contain the virus. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Taking trading in the year to date into account along with consideration of forecasts for the forthcoming 12 months, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

1.8 Net revenue

Net revenue comprises of management charges chargeable on an accruals basis to group companies in the period.

1.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

1. Accounting policies (continued)

1.10 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

The carrying value of investments is reviewed annually for impairment, or more frequently if the events or circumstances indicate a potential impairment.

1.12 Trade and other receivables

Trade receivables are amounts due from customers for goods and services performed in the ordinary course of business. They are generally due for settlement within 30 to 60 days and are therefore classified as current assets. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Company holds trade receivables with the objective of collecting the contractual cash flows and so it measures them subsequently at amortised cost using the effective interest method less allowance.

1.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1. Accounting policies (continued)

1.16 Share based payments

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

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

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

Over the vesting period of these options, the charge to the Statement of Comprehensive Income builds up the share based payment reserve in equity. In the event of the options being exercised or lapsing after the vesting period, there is a transfer out of the share based payment reserve into the profit and loss reserve. If any options are cancelled, forfeited or lapses during the vesting period, the remaining amount for those options, that would otherwise have been recognised over the remaining vesting period, will be recognised immediately.

The Company is currently participating in the share option plan issued by Cello Health Limited, the ultimate parent company. Under this plan, subsidiary employees are awarded share options subject to certain conditions.

1.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.18 Finance income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

1. Accounting policies (continued)

1.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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

The Company makes estimates and judgements concerning the application of the Company's accounting policies and concerning the future. The resulting estimates may, by definition, vary from the actual results. Estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable.

The Directors consider that no judgements that could give rise to a material change in the financial statements in the next year have been applied.

The Directors consider the critical accounting estimate that could give rise to a material change in the financial statements in the next year is in relation to impairment of investments. The Company tests the carrying value of investments annually for impairment, in accordance with the Company's accounting policies. The recoverable amount is based on value-in-use calculations, which requires estimates of future cash flows and the discount rate to apply in order to calculate the present values of these cash flows.

3. Net revenue

The whole of the net revenue is attributable to the provision of management services.

All net revenue arose within the United Kingdom.

4. Exceptional administrative expenses

	2019 £	*2018* *£*
Impairment of investment	171,465	*336,156*
	171,465	*336,156*

In 2019, an impairment review of investments in subsidiaries resulted in an impairment of the Company's investment in Tangible Data Limited for the full net book amount of £171,465.

On 31 October 2018, the business and assets of Brightsource Limited was transferred to Cello Signal Limited at net book value. The impairment charge in 2018 reflects the resulting impairment of the Company's investment in Brightsource Limited.

5. Other operating income

	2019 £	*2018* *£*
Dividend income	-	*615,996*
	-	*615,996*

6. Operating profit

The operating profit is stated after charging:

	2019 £	*2018* *£*
Depreciation of tangible fixed assets	**615**	*590*
Staff costs (Note 7)	**439,936**	*441,483*
Auditors' remuneration – audit of the financial statements	**6,300**	*5,800*

7. Employees

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

	2019 £	*2018* *£*
Wages and salaries	**365,998**	*356,675*
Social security costs	**51,466**	*45,534*
Other pension costs	**6,647**	*10,173*
Share based payment charge	**15,825**	*29,101*
	439,936	*441,483*

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

	2019 No.	*2018* *No.*
Directors	**2**	*2*

Directors are considered to be key management personnel.

8. Directors' remuneration

	2019 £	*2018 £*
Directors' emoluments	**365,998**	*356,675*
Company contributions to defined contribution pension schemes	**6,647**	*10,173*
	372,645	*366,848*

During the year retirement benefits were accruing to 1 Director *(2018 - 2)* in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £233,053 *(2018 - £220,515)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL *(2018 - £5,306)*.

Share based payment charges recognised in respect of Directors in the year amounted to £15,825 (2018: £29,101).

During the year, the highest paid Director did not exercise any share options (2018: nil).

M Bentley and M Scott are also directors of the immediate parent company, Cello Health Limited, while R Marsham and B Hosey are also directors of Cello Signal Limited, and their remuneration is reflected in the financial statements of those entities. No costs in respect of their services as directors of the Company were recharged to the Company and it is not possible to make an accurate apportionment of their remuneration (2018: nil).

9. Interest receivable and similar income

	2019 £	*2018 £*
Interest receivable from group companies	**12,756**	*10,525*

10. Tax on profit

	2019 £	*2018 £*
Corporation tax		
Current tax on profits for the year	**14,798**	*(5,296)*
Adjustments to tax charge in respect of prior periods	**(1,780)**	*1,070*
Total current tax	**13,018**	*(4,226)*
Deferred tax		
Origination and reversal of timing differences	**(2,666)**	*9,867*
Tax on profit	**10,352**	*5,641*

10. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2018 - lower than)* the standard rate of corporation tax in the UK of 19.00% *(2018 - 19.00%)*. The differences are explained below:

	2019 £	*2018* *£*
Profit before taxation	**(115,100)**	*290,705*
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	**(21,869)**	*55,234*
Effects of:		
Expenses not deductible for tax purposes	**33,660**	*64,769*
Adjustments to tax charge in respect of prior periods	**(1,780)**	*1,070*
Other timing differences leading to an increase in taxation	**341**	*1,608*
Non-taxable income	**-**	*(117,040)*
Total tax charge for the year	**10,352**	*5,641*

Non deductible expenses in the current year and prior year predominantly consist of the impairment charge on the Company's investments in Tangible Data Limited in 2019 and in Brightsource Limited in 2018. Non-taxable income in the prior year was fully comprised of dividend income received.

Factors that may affect future tax charges

The reduction in the main rate of corporation tax to 17.00% from 1 April 2020 was substantively enacted by the Finance Act 2016. This reduction from 19.00% to 17.00% was subsequently reversed by the Government. However, this change was not substantially enacted at the balance sheet date. Therefore, deferred taxes at the balance sheet date have been measured using the enacted tax rate of 17.00% in these financial statements.

11. Dividends

	2019 £	*2018* *£*
Ordinary shares (2018 : 0.66p per share)	**-**	*500,000*

On 21 December 2018, a dividend of 0.66p per share was declared and the total dividend of £500,000 was paid on 31 December 2018. No dividends have been recommended for the current year.

12. Tangible assets

	Computer equipment £
Cost	
At 1 January 2019	3,441
Additions	1,301
At 31 December 2019	4,742
Accumulated depreciation	
At 1 January 2019	2,649
Charge for the year	615
At 31 December 2019	3,264
Net book amount	
At 31 December 2019	1,478
At 31 December 2018	*792*

13. Investments

	Investments in subsidiary companies £
Cost	
At 1 January 2019	2,592,134
At 31 December 2019	2,592,134
Accumulated impairment	
At 1 January 2019	336,156
Charge for the year	171,465
At 31 December 2019	507,621
Net book amount	
At 31 December 2019	2,084,513
At 31 December 2018	*2,255,978*

13. Investments (continued)

In 2019, an impairment review of investments in subsidiaries resulted in an impairment of the Company's investment in Tangible Data Limited for the full net book amount of £171,465.

On 31 October 2018, the business and assets of Brightsource Limited was transferred to Cello Signal Limited at net book value. The impairment charge in the prior year reflects the resulting impairment of the Company's investment in Brightsource Limited.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation		Holding	Principal activity
Cello Signal Limited	UK	Directly held	100 %	Marketing and communication
The Leith Agency Limited	UK	Directly held	100 %	Dormant
Cello 123 Limited	UK	Directly held	100 %	Dormant
Blonde Digital Limited	UK	Indirectly held	100 %	Digital advertising and marketing
Stripe PR and Communications Limited	UK	Indirectly held	100 %	Strategic PR and communications
Tangible Data Limited	UK	Indirectly held	100 %	Dormant
Tanami Media Limited	UK	Indirectly held	100 %	Dormant
Human Innovation Limited	UK	Indirectly held	100 %	Market research and public opinion polling

Name	Registered office
Cello Signal Limited	86 Commercial Quay, Commercial Street, Edinburgh, EH6 6LX
The Leith Agency Limited	86 Commercial Quay, Commercial Street, Edinburgh, EH6 6LX
Cello 123 Limited	86 Commercial Quay, Commercial Street, Edinburgh, EH6 6LX
Blonde Digital Limited	86 Commercial Quay, Commercial Street, Edinburgh, EH6 6LX
Stripe PR and Communications Limited	86 Commercial Quay, Commercial Street, Edinburgh, EH6 6LX
Tangible Data Limited	Queens House, 8-9 Queen Street, London, England, EC4N 1SP
Tanami Media Limited	86 Commercial Quay Commercial Street, Edinburgh, Scotland, EH6 6LX
Human Innovation Limited	31 Old Nichol Street, London, England, E2 7HR

The Directors have used net asset value in their impairment assessment and are satisfied that the value in use of the remaining investments exceeds the carrying amount and therefore no further impairment is required.

14. Trade and other receivables

	2019 £	*2018 £*
Amounts owed by group undertakings	**1,260,303**	*333,434*
Prepayments	**2,967**	*2,786*
Deferred taxation (Note 17)	**79,434**	*59,910*
	1,342,704	*396,130*

Amounts owed by group undertakings that are funding balances are unsecured and repayable on demand, and carry interest at 1.50% (2018: 1.50%).

15. Cash and cash equivalents

	2019 £	*2018 £*
Cash at bank and in hand	**47,931**	*508,755*
	47,931	*508,755*

16. Creditors: Amounts falling due within one year

	2019 £	*2018 £*
Trade creditors	**214**	*103*
Amounts owed to group undertakings	**590,412**	*122,942*
Corporation tax	**14,798**	*8,494*
Other taxation and social security	**15,085**	*78,844*
Accruals	**50**	*2,436*
	620,559	*212,819*

Amounts owed to group undertakings that are funding balances are unsecured and repayable on demand, and carry interest at 1.50% (2018: 1.50%).

17. Deferred taxation

	2019 £	*2018 £*
At beginning of year	**59,910**	*69,777*
Credited/(charged) to the statement of comprehensive income	**2,666**	*(9,867)*
Recognised in equity	**16,858**	*-*
At end of year	**79,434**	*59,910*

The deferred tax asset is made up as follows:

	2019 £	*2018 £*
Decelerated capital allowances	**137**	*98*
Unrelieved share -based payment expense	**79,297**	*59,812*
	79,434	*59,910*

18. Share capital

	2019 £	*2018 £*
Authorised, allotted, called up and fully paid		
76,217,700 *(2018 - 76,217,700)* ordinary shares of £0.01 each	**762,177**	*762,177*

19. Controlling party

As at 31 December 2019, the immediate and ultimate parent undertaking and controlling party was Cello Health Limited (formerly Cello Health plc), a company incorporated in the United Kingdom. Cello Health Limited is the largest and smallest group into which the entity has been consolidated for the year ended 31 December 2019. Consolidated financial statements have been drawn up for Cello Health Limited and are available from the following address:

Cello Health Limited
Queens House
8-9 Queen Street
London
EC4N 1SP

On 11 August 2020, following the acquisition of Cello Health Limited by Pharma Value Demonstration Bidco Limited, the ultimate parent undertaking and controlling party is now Arsenal Capital Partners V LP, a private equity firm incorporated in the United States.

20. Impact of COVID-19

The COVID-19 pandemic has developed rapidly in 2020, and has affected economic activity. The Company no longer has any employees and plans to carry on being an intermediate holding company, hence there is no direct impact on the business from the COVID-19 pandemic.