Registered number: 03812015

TELSTRA HEALTH UK LIMITED (Formerly Dr Foster Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

COMPANY INFORMATION

Directors	M Boyce M Williams D Sharp
Registered number	3812015
Registered office	2nd Floor, Blue Fin Building 110 Southwark Street London SE1 0TA
Independent auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

TELSTRA HEALTH UK LIMITED
REGISTERED NUMBER: 03812015

CONTENTS

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

Introduction

Telstra Health UK Limited (formerly Dr Foster Limited) 'the Company' is a London-based provider of clinical benchmarking, analytics, insight and quality improvement services to hospitals, commissioners and other healthcare organisations in the UK. The business works with healthcare organisations to achieve sustainable improvements in their performance through better use of data. The business model is B2B, with sales direct to Hospital Trusts (which provide healthcare) and Clinical Commissioning Groups (which buy healthcare from providers on behalf of defined populations).

The core capability of Telstra Health UK Limited involves taking hospital / commissioner/ patient level data, analysing it and delivering risk adjusted outcome measures and comparative analysis. This supports healthcare organisations in achieving sustainable improvements in their performance through better use of data and insight.

During the year, Telstra Health UK Limited employed an average of 59 employees between the London and Nottingham offices, including statisticians, software engineers, sales and account managers and support staff.

The business operations can be divided into two key areas of operation:

- Provision of software tools to hospital trusts and commissioning bodies.
- Provision of analytical and consultancy services.

Review of the business

	2021 £	2020 £	Change %
Turnover	3,442,874	4,343,644	(21%)
Operating (loss)	(1,009,865)	(1,083,418)	(7%)
Current assets as a % of current liabilities	22%	29%	(24%)
Average number of employees	59	67	(12%)

Turnover decreased by 21% mainly due to customer and price attrition of the existing product set while the business has been investing in new product offerings for both the UK and international markets. The business managed the cost base in line with lower revenues. The operating loss of £1.0m is line with management expectation and reflects investment in new products and services which will enable future growth.

Future developments

COVID-19 continues to disrupt the world and UK economies, since the pandemic was declared in 2020 and restrictions imposed throughout 2021, the Company has experienced a delay in new orders and renewals due to budgets being diverted and a general slowing down of the procurement process as our clients have been focused on the COVID-19 response. However, there have been no termination or loss of contracts due to COVID-19 during this period and our operations have not been disrupted due to lockdown or by the need for staff to work remotely. The Company has seen an increase in procurement activity during the autumn of 2021 and is optimistic that more data, analytics and population health opportunities will be brought to market. However the directors continue to monitor the situation closely and will regularly update their assessment of the impact of the pandemic and the changing market landscape.

The Company continues to make good progress with its Telstra funded program, it launched its new Infocus+ product in June 2021, an upgrade on its current HIP product and completed the replatforming of its core technology.

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Future developments (continued)

This new platform will be more scalable, cost efficient and flexible allowing the Company to ingest new data sources and quickly create new products in Population Health Management, Risk stratification and real time predictive analytics in both the acute and commissioning sectors. The Company is leveraging these investments and expanding the technology architecture and analytics methodology into Telstra Health in Australia during this current financial year.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped as competitive, legislative and financial.

Competitive Risks

In the UK, the Company is at present reliant on the supply of national datasets provided by NHS Digital, who could in the future provide a basic version of Telstra Health UK software direct to the NHS. The Company has increased its efforts to collect local data from Trusts to mitigate its reliance on NHS digital data and add additional data sets therefore making a more compelling proposition. The business model is reliant on the retaining existing contracts with NHS bodies, providing a good service which is continually improved is key to remaining competitive in the market.

Legislative Risks

Excellence in information governance is at the heart of what Telstra Health UK does. The business has a legal and ethical responsibility to handle confidential and sensitive information carefully and securely, and the business is fully committed to doing that in a way that maximises its utility while preventing unauthorised or inappropriate use or disclosure. Telstra Health UK is respectful of the nature of the data the business works with, where it comes from and what it means for individuals and organisations.

Telstra Health has long-term knowledge and experience in handling confidential patient-level NHS data and operates under a range of UK and European Laws, associated codes of practice and international standards. The business meets all of the requirements set out by the NHS Information Governance Toolkit, the United Kingdom Data Protection Act 1998, and GDPR Europe's new framework for data protection laws and is ISO27001 accredited.

Financial Risks

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of its performance objectives.

The objectives aim to limit undue counterparty exposure, ensure that sufficient working capital exists and to monitor the management of risk.

Exposure to credit, liquidity and cash flow risk

The principal credit risk arises from trade debtors which are primarily public sector bodies consequently with sovereign credit rating.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation through application of cash collection targets. The Company can also draw upon a loan facility provided by the ultimate parent undertaking, Telstra Corporation Limited. This facility stands at £7.5 million of which £4.0 million was drawn down at 30 June 2021.

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Exposure to credit, liquidity and cash flow risk (continued)

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The Company has very limited exposure and consequently limited risk.

This report was approved by the board on 27th January 2022 and signed on its behalf.

david sharp (ds)

D Sharp
Head of Telstra Health UK

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report and financial statements for the year ended 30 June 2021.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102.) 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless they consider it to be inappropriate.

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. 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.

Results and dividends

The loss for the year, after taxation, amounted to £1,041,303 (30 June 2020: loss of £1,083,418). The directors do not recommend the payment of a dividend for the year (30 June 2020: £nil).

Directors

The following directors served during the year ending 30 June 2021 and up to the date of signing of the financial statements, *unless otherwise stated:*

J Harries (resigned 28 January 2021)
D Sharp (appointed 21 October 2021)
M Boyce
M Williams

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Going concern

At 30 June 2021, the Company had net liabilities of £5,052,983 cash of £173,627, and net current liabilities of £5,070,984. The Company's cash is held with external banks. The Company meets its day to day working capital needs through cash generated from operations and by drawing upon a loan facility provided by the ultimate parent undertaking, Telstra Corporation Limited. This facility stands at £7.5 million of which £4.0 million was drawn down at 30 June 2021. Telstra Corporation Limited has confirmed that this facility will remain available for a minimum period of 12 months from the date of these financial statements.

As of 31 December 2021, the Company's cash balance was £214,813. The Company's financial forecasts have been updated in the light of the COVID-19 pandemic and stress-tested for severe but plausible reductions in revenue. The directors are confident that the Company will remain within the limit of its available group loan facility, and be able to continue in operation, in all reasonably foreseeable circumstances for a period of at least 12 months from the date of this report.

In its results as at 30 June 2021, the ultimate parent Telstra Corporation reported revenue of AUD 23.1 billion, underlying EBITDA of AUD 7.6 billion. and free cash flow of AUD 4.9 billion. The Group's FY22 guidance, which was re-confirmed in August 2021, is for revenues in the range AUD 21.6 to 23.6 billion, underlying EBITDA in the range AUD 7.0 to 7.3 billion, and free cash flow in the range AUD 3.5 to 3.9 billion. Based on this information and on enquiries, the directors believe that Telstra Corporation Limited has the ability to provide financial support to the Company through the loan facility for the foreseeable future, which the directors regard as a period of 12 months from the date of this report.

Taking into account the position of the ultimate parent, the impact of COVID-19 and their future plans as detailed in the Strategic Report, the directors are of the view, to the best of their current knowledge, that the Company has access to sufficient cash resources to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

There were no significant events after 30 June 2021 that required adjustment to or disclosure in the financial statements.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27th January 2022 and signed on its behalf by

david sharp (ds)

D Sharp
Head of Telstra Health UK

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELSTRA HEALTH UK LIMITED

Opinion

We have audited the financial statements of Telstra Health UK Limited for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to *report to you if, in our opinion:*

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELSTRA HEALTH UK LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations. In addition, the company has to comply with laws and regulations related to its operations such as, UK employment regulations, health and safety regulations, UK Bribery Act and Global Data Protection Regulations (GDPR).
- We understood how Telstra Health UK Limited is complying with those frameworks by understanding the of those charged with governance (i.e. considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings), the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur challenging the company's policies and procedures on fraud risks.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
    - Consideration of fraud risks during the planning of and throughout our audit. Including considering the risk of management override, performance targets and their influence on efforts made by management to manage revenue and earnings.
    - Inquiring of Management as to the risks of fraud and the controls in place.
    - Understanding the oversight by those charged with governance of Management's controls over fraud risk including the whistleblowing processes.
    - Reviewing minutes from the Board of Directors.
    - Consideration of the effectiveness of Management's controls designed to address the risk of fraud.
    - Determining an appropriate strategy to address those identified risks of fraud.
    - Considering the key management estimates for possible manipulation or evidence of possible management bias or excessive optimism.
    - We tested specific transactions back to source documentation or independent confirmations as appropriate.
    - Use of data analysis tools to analyse and sample journal entries for testing, outside of the identified fraud to detect other unusual transactions.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Andrew Davison (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 27 January 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Turnover	4	3,442,874	4,343,644
Operating charges		(1,967,143)	(2,437,094)
Staff costs	6	(2,464,167)	(2,484,755)
Depreciation and amortisation		(21,429)	(505,213)
Operating loss	5	(1,009,865)	(1,083,418)
Interest receivable and similar income	8	-	1,593
Interest payable and similar charges	8	(31,438)	(39,001)
Loss before tax		(1,041,303)	(1,120,826)
Taxation	9	-	(866,834)
Loss for the financial year		(1,041,303)	(1,987,660)
Total comprehensive loss for the year		(1,041,303)	(1,987,660)

TELSTRA HEALTH UK LIMITED
REGISTERED NUMBER:03812015

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	10		-		-
Tangible assets	11		18,001		38,483
			18,001		38,483
Current assets					
Debtors: amounts falling due within one year	12	1,270,781		1,181,309	
Cash at bank	14	173,627		493,140	
		1,444,408		1,674,449	
Creditors: amounts falling due within one year	15	(6,515,392)		(5,723,497)	
Net current liabilities			(5,070,984)		(4,049,048)
Total assets less current liabilities			(5,052,983)		(4,010,565)
Net liabilities			(5,052,983)		(4,010,565)
Capital and reserves					
Called up share capital	16		2,548		2,548
Share premium account	17		4,568,894		4,568,894
Share based payment	17		21,505		22,620
Capital redemption reserve	17		341,172		341,172
Profit and loss account	17		(9,987,102)		(8,945,799)
			(5,052,983)		(4,010,565)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

david sharp (ds)

D Sharp
Head of Telstra Health

Date: 27th January 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Called up share capital	Share premium account	Share based payment	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 July 2019	2,548	4,568,894	23,894	341,172	(6,958,139)	(2,021,631)
Total comprehensive loss for the year	-	-	-	-	(1,987,660)	(1,987,660)
Share based payments	-	-	(1,274)	-	-	(1,274)
At 30 June 2020	2,548	4,568,894	22,620	341,172	(8,945,799)	(4,010,565)
Total comprehensive loss for the year	-	-	-	-	(1,041,303)	(1,041,303)
Share based payments	-	-	(1,115)	-	-	(1,115)
At 30 June 2021	2,548	4,568,894	21,505	341,172	(9,987,102)	(5,052,983)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. General information and principal activity

Telstra Health UK Limited is the UK's leading independent health service information provider. The Company is a private company limited by shares and is incorporated in England. The address of its registered office is disclosed on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying Telstra Health Limited's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following exemptions on the basis that the equivalent disclosures are included in the consolidated financial statements of the group in which the Company is consolidated:

a) Cash flow statement

Under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Telstra Corporation Limited, includes the Company's cash flows in its own consolidated financial statements.

b) Financial instruments

Under FRS 102 paragraphs 11.39 to 11.48A, 12.26 to 12.29 of certain financial instrument disclosures.

c) Share based payments

Under FRS 102 paragraphs 26.1B(b), 26.19 to 26.21 and 26.23, the Company can be exempt from certain disclosure requirements of Section 26 in respect of share based payments on the basis that the share based payment concerns equity instruments of another group entity, which is Telstra Corporation Limited.

d) Related Party Transactions

Under FRS 102 paragraphs 33.1(a) the Company can be exempt from disclosure of transactions entered into between two or more members of a group provided that any subsidiary which is part to the transaction is wholly owned by such member.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.3 Exemptions for qualifying entities under FRS 102 (continued)

a) Related Party Transactions (continued)

The Company may take advantage of the disclosure exemptions on the basis that:
(i) its shareholders have been notified and have not objected to the use of the exemptions;
(ii) it otherwise applies the recognition, measurement and disclosure requirements of FRS 102;
(iii) it is disclosed in the notes to its financial statements a brief summary of the disclosure exemptions adopted and the name of the parent of the group in whose consolidated accounts its financial statements are adopted and from where those financial statements may be obtained.

b) Key Management Personnel

Under FRS 102 paragraph 33(a) the Company is exempt from disclosure of remuneration of key management personnel if the key management personnel are the same as the directors and the entity is subject to a legal or regulatory requirement to disclose directors' remuneration. This is the case for Telstra Health UK Limited.

2.4 *Going concern*

COVID-19 continues to disrupt the world and UK economies, since the pandemic was declared in 2020 and restrictions imposed throughout 2021, the Company has experienced a delay in new orders and renewals due to budgets being diverted and a general slowing down of the procurement process as our clients have been focused on the COVID-19 response. However there have been no termination or loss of contracts due to COVID-19 during this period and our operations have not been disrupted due to lockdown or by the need for staff to work remotely. The Company has seen an increase in procurement activity during the autumn of 2021 and is optimistic that more data, analytics and population health opportunities will be brought to market. However the directors continue to monitor the situation closely and will regularly update their assessment of the impact of the pandemic and the changing market landscape.

At 30 June 2021, the Company had net liabilities of £5,052,983, cash of £173,627, and net current liabilities of £5,070,984. The Company's cash is held with external banks. The Company meets its day to day working capital needs through cash generated from operations and by drawing upon a loan facility provided by the ultimate parent undertaking, Telstra Corporation Limited. This facility stands at £7.5 million of which £4.0 million was drawn down at 30 June 2021. Telstra Corporation Limited has confirmed that this facility will remain available for a minimum period of 12 months from the date of these financial statements.

As of 31 *December 2021, the Company's cash balance was £214,813.* The Company's financial forecasts have been updated in the light of the COVID-19 pandemic and stress-tested for severe but plausible reductions in revenue. The directors are confident that the Company will remain within the limit of its available group loan facility, and be able to continue in operation, in all reasonably foreseeable circumstances for a period of at least 12 months from the date of this report.

In its results as at 30 June 2021, the ultimate parent Telstra Corporation reported revenue of AUD 23.1 billion, underlying EBITDA of AUD 7.6 billion. and free cash flow of AUD 4.9 billion. The Group's FY22 guidance, which was re-confirmed in August 2021, is for revenues in the range AUD 21.6 to 23.6 billion, underlying EBITDA in the range AUD 7.0 to 7.3 billion, and free cash flow in the range AUD 3.5 to 3.9 billion. Based on this information and on enquiries, the directors believe that Telstra Corporation Limited has the ability to provide financial support to the Company through the loan facility for the foreseeable future, which the directors regard as a period of 12 months from the date of this report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.4 Going concern (continued)

Taking into account the position of the ultimate parent, the impact of COVID-19 and their future plans as detailed in the Strategic Report, the directors are of the view, to the best of their current knowledge, that the Company has access to sufficient cash resources to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.5 Revenue

Turnover represents the amounts (exclusive of VAT) derived from the provision of services to customers in the period.

Income derived from the provision of management information is recognised over the period of the contract on a straight line basis. Income derived from other activities is recognised to the extent that identifiable work has been performed in relation to each contract in the period and a right to consideration obtained.

2.6 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.

The estimated useful lives range as follows:

Development expenditure	4 years

2.7 Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

2.8 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

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.

The estimated useful lives range as follows:

Leasehold improvements	- straight line over the period of the lease
Fixtures and fittings	- straight line over 10 years
Computer equipment	- straight line over 3 years

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 carrying amount and are recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.9 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.

2.10 Foreign currency translation

The Company's functional and presentational currency is pounds sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non- monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.11 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 Statement of Financial Position 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.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the Company's benefit from the use of the leased asset.

2.13 Pensions

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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.15 Interest income

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

2.16 Current and deferred taxation

The tax expense for the period 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 reporting 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 Statement of Financial Position date, except that:

a) 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

b) Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.17 Research and development

In the research phase of an internal project it is not possible to demonstrate that the, project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which is four years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 13.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Revenue from Core UK Tool sales	3,259,834	3,852,100
Revenue from analytical & consultancy services	138,493	226,031
Revenue from International services	44,547	265,513
	3,442,874	4,343,644

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	3,398,327	4,078,131
Rest of Europe	44,547	265,513
	3,442,874	4,343,644

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

5. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	21,429	45,497
Amortisation of intangible assets	-	459,716
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	49,000	47,000
Foreign exchange loss/(gain)	233	17,903
Operating charges - other	22,194	85,898

6. Staff costs

	2021 £	2020 £
Wages and salaries	1,834,768	1,851,632
Social security costs	468,097	461,736
Cost of defined contribution scheme	161,302	171,387
	2,464,167	2,484,755

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

	2021	2020
Average number of employees	59	67

7. Directors' remuneration

	2021 £	2020 £
Remuneration	144,575	240,695
Pension contributions	5,821	9,896
Directors' remuneration	150,396	250,591

For the year ended 30 June 2021, the remuneration above represents the remuneration of the highest-paid director. Certain directors were remunerated by other companies in the Telstra Group. In the opinion of the directors, it is not practicable to apportion their remuneration between qualifying services provided to the Company and services provided to other companies in the Telstra Group. No director received or exercised share options during the financial period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

8. Interest received / payable and similar income / expense

	2021 £	2020 £
Interest receivable and similar income	-	1,593

	2021 £	2020 £
Interest payable and similar charges	(31,438)	(39,001)

9. Taxation

	2021 £	2020 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	(98,158)
Adjustment in respect of previous periods	-	(3,442)
Derecognition of deferred tax asset	-	968,434
Total deferred tax	-	866,834
Taxation	-	866,834

Factors affecting tax charge/(credit) for the year

	2021 £	2020 £
Loss before tax	(1,041,303)	(1,120,826)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(197,848)	(212,957)
Effects of:		
Expenses not deductible for tax purposes	151	3,633
Income not Taxable	(557)	-
Group tax relief surrendered	225,814	213,554
Adjustments to tax charge in respect of prior periods	-	(3,442)
Changes in UK corporation tax rates	-	(102,388)
Movement in unrecognised deferred tax asset	(27,560)	968,434
Total tax charge/(credit) for the year	-	866,834

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

9. Taxation (continued)

Factors that may affect future tax charges

The Chancellor announced in the Budget on 3 March 2021 that the main rate of UK Corporation tax for the years starting 1 April 2021 and 1 April 2022 would remain at 19%. However, the tax rate will increase to 25% in 2023. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is released or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Therefore, the unrecognised deferred tax is disclosed at 25% in the current period (2020: 19%).

10. Intangible assets

	Development £
Cost	
At 1 July 2020	1,628,670
At 30 June 2021	1,628,670
Amortisation and impairment	
At 1 July 2020	1,628,670
Charge for the year	-
At 30 June 2021	1,628,670
Net book value	
At 30 June 2020	-
At 30 June 2021	-

11. Tangible fixed assets

	Leasehold Improvement	Fixtures & Fittings	Computer equipment	Total
At 1 July 2020	522,104	165,012	882,149	1,569,265
Additions	-	-	777	777
At 30 June 2021	522,104	165,012	882,926	1,570,042
Depreciation				
At 1 July 2020	522,075	160,359	848,348	1,530,782
Charge for the year	-	573	20,686	21,259
At 30 June 2021	522,075	160,932	869,034	1,552,041
Net book value				
At 30 June 2020	29	4,653	33,801	38,483
At 30 June 2021	29	4,080	13,892	18,001

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

12. Debtors

	2021	2020
	£	£
Trade debtors	666,957	505,178
Other debtors	163,947	167,655
Prepayments and accrued income	439,880	508,476
Deferred taxation (note 13)	-	-
	1,270,784	1,181,309

13. Deferred taxation

	2021	2020
	£	£
At beginning of year	-	866,834
Adjustment in respect of prior years	-	3,442
Credited to statement of comprehensive income	-	98,158
Derecognition of deferred tax asset charged to statement of comprehensive income	-	(968,434)
At end of year	-	-

The Company had unrecognised deferred tax asset as follows:

	2021	2020
	£	£
Accelerated capital allowances	52,894	45,710
Tax losses carried forward	51,471	59,850
Other timing difference	1,135,360	862,874
	1,239,725	968,434

14. Cash at bank

	2021	2020
	£	£
Cash at bank	173,627	493,140

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	422,771	725,567
Amounts owed to group undertakings	3,498,598	2,649,377
Other taxation and social security	287,072	256,793
Other creditors	37,890	37,947
Accruals and deferred income	2,269,061	2,053,813
	6,515,392	5,723,497

16. Share capital

	2021 £	2020 £
Shares classified as equity		
Authorised		
1,000,000 Ordinary shares of £0.01 each	10,000	10,000
Allotted, called up and fully paid		
254,835 (2020 -254,835) Ordinary shares of £0.01 each	2,548	2,548

17. Reserves

Share premium account

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Share based payment

Telstra Corporation employee dividend payments based on employee share allocation holdings.

Capital redemption reserve

Capital redemption reserve records the nominal value of shares repurchased by the Company.

Profit and loss account

Profit and loss includes all current and prior period retained profits and losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 to the fund and amounted to £161,302 (30 June 2020: £171,387). Contributions totalling £21,199 (30 June 2020: £25,154) were payable to the fund at the reporting date.

19. Commitments under operating leases

At 30 June 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£	£
Not later than 1 year	314,302	312,323
Later than 1 year and not later than 5 years	442,373	686,519
	756,675	998,842

20. Controlling party

The Company is a wholly owned subsidiary of Telstra Health UK (Holdings) Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking is Telstra Corporation Limited, a company incorporated in Australia.

Group financial statements are drawn up by Telstra Corporation Limited and may be obtained from: Corporate Secretary, Telstra Corporation Limited, 242 Exhibition Street, Melbourne, Victoria 3000, Australia.

21. Post balance sheet events

There were no significant events after 30 June 2021 that required adjustment to or disclosure in the financial statements.