Bionical Solutions Limited *(formerly North 51 Limited)*

Annual report and financial statements

Registered number 04313379

31 December 2018

Contents

Company information

Directors	AT Borkowski G Davies H Miles
Registered number	04313379
Registered office	The Piazza Mercia Marina Findern Lane Willington Derbyshire DE65 6DW
Independent auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2018.

Change of name

On 1 February 2019 the Company changed its name from North 51 Limited to Bionical Solutions Limited, following its acquisition by Bionical Solutions Group Limited.

Principal activity

The Company's principal activity is the provision of healthcare services.

The Company enables clients to improve patient outcomes through innovative solutions that enhance engagement and drive behaviour change. Bionical Solutions operates through two business units: Communications and Health Outcomes.

Communications provides a range of digital, business and commercialisation support services. They include development of digital content, platforms, software and communications as well as the provision of sales teams, multi-channel sales and contact centre services for pharma and healthcare clients. The Communications business unit has continued to expand US and EU operations with investment in key personnel and development of additional proprietary software platforms. This infrastructure together with previously developed platforms and an expanded client base, will support the mid-term growth strategy in the US and EU.

Health Outcomes provides nurse and healthcare practitioner led services designed to optimise patient outcomes and experience. Services delivered in 2018 included NHS, public health and lifestyle services including clinical home healthcare, HCP and patient engagement, nurse education teams, service assessment and design, consultation support software and virtual & digital programmes. During 2018 Health Outcomes embarked on a strategic realignment moving focus from public health contracts to pharmaceutical manufacturer sponsored services and secured several new contracts. These pharma sponsored services predominantly support product launches and license extensions and expand with patient numbers offering the potential for multi-year engagements.

Results and dividends

The profit for the year, after taxation, amounted to £250,000 *(2017: loss of £1,045,000)*. Dividends of £nil *(2017: £nil)* were paid during the year.

Directors

The directors who served during the year and up to the date of this report were:

G McIntosh	(resigned 12 July 2018)
AT Borkowski	(appointed 12 July 2018)
G Davies	(appointed 12 July 2018)
H Miles	(appointed 12 July 2018)

Future developments

There are no significant developments which the directors believe require disclosure under the Companies Act.

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirms that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved by the board on 1 July 2019 and signed on its behalf by:

AT Borkowski
Director

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of Bionical Solutions Limited

Opinion

We have audited the financial statements of Bionical Solutions Limited ("the company") for the year ended 31 December 2018 which comprise the statement of income and retained earnings, the balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland;* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union ('Brexit') on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

KPMG

Independent auditor's report to the members of Bionical Solutions Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Anthony Hambleton

Anthony Hambleton *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

1 July 2019

Statement of income and retained earnings
for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	3	**6,977**	9,322
Cost of sales		**(4,208)**	(6,460)
Gross profit		**2,769**	2,862
Administrative expenses		**(2,353)**	(4,133)
Operating profit/(loss)		**416**	(1,271)
Interest payable and similar expenses	7	**(25)**	(45)
Profit/(loss) before tax		**391**	(1,316)
Tax on profit/(loss)	8	**(141)**	271
Profit/(loss) for the year		**250**	(1,045)
Retained earnings brought forward		**139**	1,184
Retained earnings carried forward		**389**	139

In both the current and prior year, the Company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or prior year other than those disclosed in the profit and loss account. Accordingly, no separate statement of other comprehensive income has been presented.

Balance sheet
as at 31 December 2018

	Note	**2018** £000	£000	2017 £000	£000
Fixed assets					
Intangible assets	*9*		**129**		166
Tangible assets	*10*		**74**		116
			203		282
Current assets					
Stocks	*12*	**19**		98	
Debtors falling due within one year	*13*	**2,030**		2,786	
Cash at bank and in hand		**398**		157	
		2,447		3,041	
Creditors: amounts falling due within one year	*14*	**(2,260)**		(3,141)	
Net current assets/(liabilities)			**187**		(100)
Total assets less current liabilities			**390**		182
Deferred tax provision	*15*		**-**		(42)
Net assets			**390**		140
Capital and reserves					
Called up share capital	*16*		**1**		1
Profit and loss account			**389**		139
Shareholders' funds			**390**		140

The financial statements were approved and authorised for issue by the board on 1 July 2019 and were signed on its behalf by:

AT Borkowski
Director

Company registered number : 04313379

Notes
(forming part of the financial statements)

1 Accounting policies

Bionical Solutions Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 04313379 and the registered address is The Piazza, Mercia Marina, Findern Lane, Willington, Derbyshire, DE65 6DW.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (*"FRS 102"*) as issued in September 2015. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's previous parent undertaking, Bionical Limited includes the Company in its consolidated financial statements as at 31 December 2018. The consolidated financial statements of Bionical Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from The Piazza, Mercia Marina, Findern Lane, Willington, Derbyshire, DE65 6DW. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Bionical Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

There are no judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements. Estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a 12 month period from the date of approval of these financial statements and such forecasts have indicated that sufficient funds should be available to enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Notes *(continued)*

1` Accounting policies *(continued)*

1.3. Foreign currency

Transactions in foreign currencies are translated to the Companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4. Classification of financial instruments issued by the company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Plant, machinery, fixtures & fittings 3 - 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7. Intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- software 3 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

1.8. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.9. Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9. Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.11. Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the provision of public health and lifestyle contracts, such as 'stop smoking' contracts is recognised when the amount of revenue and costs can be measured reliably and it is probable that the Company will receive the consideration due under the contract. The stage of completion is calculated using an output (time) basis. On certain contracts the amount of revenue receivable is dependent on outcomes determined in the contract, and performance against these outcomes are monitored on an on-going basis.

Revenue from the provision of nursing team and sales team contracts are recognised when the amount of revenue and costs can be measured reliably and it is probable that the Company will receive the consideration due under the contract. The stage of completion is calculated using an output (time) basis.

Revenue from the provision of the software is recognised when the risks and rewards of ownership of the software have transferred to the customer. Subsequent service revenues for support, consumables and hosting are recognised over the time period of the agreement.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12. Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest payable

Interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.13. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

2 Accounting estimates and judgements

Key sources of estimation uncertainty - revenue

Certain public health and lifestyle contracts include consideration receivable which is dependent on performance outcomes against key performance indicators set out in the contract. The directors monitor the performance of the contract against these indicators on an on-going basis, and at each reporting period assesses the amount of consideration that is expected to be receivable.

3 Turnover

All of the turnover relates to healthcare related services. Analysis of turnover by country of destination:

	2018	2017
	£000	£000
United Kingdom	**6,424**	8,584
Rest of the World	**553**	738
	6,977	9,322

Notes *(continued)*

4 Auditors remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**16**	10

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's previous parent, Bionical Limited.

5 Employees

	2018 £000	2017 £000
Wages and salaries	**3,634**	5,885
Social security costs	**364**	560
Defined contribution pension schemes (note 17)	**80**	157
	4,078	6,602

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

	2018 Number	2017 Number
Operations	**130**	200

6. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	**205**	66
Company contributions to defined contribution pension schemes	**26**	8

During the year retirement benefits were accruing to two directors *(2017: one)* in respect of defined contribution pension schemes.

7 Interest payable and similar expenses

	2018 £000	2017 £000
Net foreign exchange loss	**25**	45

Notes *(continued)*

8 Taxation

	2018 £000	2017 £000
Corporation tax:		
Current tax on profit/(loss) for the year	93	(343)
Adjustment in respect of prior period	101	-
Total current tax	194	(343)
Deferred tax:		
Obligation and reversal of timing differences	(12)	36
Adjustment in respect of prior period	(41)	36
Total deferred tax	(53)	72
	141	(271)

Factors affecting tax credit for the year

The tax charge assessed for the year is higher *(2017: lower)* than the standard rate of corporation tax in the UK of 19% (*2017: 19.25%)*. The differences are explained below:

	2018 £000	2017 £000
Profit/(loss) for the year	250	(1,045)
Tax charge/(credit)	141	(271)
Profit/(loss) before tax	391	(1,316)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% *(2017: 19.25%)*	74	(253)
Effects of:		
Expenses not deductible for tax purposes	7	-
Under provision in prior years	60	36
Non-taxable income	-	(54)
Total tax charge/(credit) for the year	141	(271)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015 and a further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The deferred tax asset at 31 December 2018 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

Notes *(continued)*

9 Intangible assets

	Software £000
Cost:	
At 1 January 2018	167
Additions	10
At 31 December 2018	177
Accumulated amortisation	
At 1 January 2018	1
Charge for the year	47
At 31 December 2018	48
Net book value	
At 31 December 2018	**129**
At 31 December 2017	166

10 Tangible fixed assets

	Plant, machinery, fixtures and fittings £000
Cost or valuation:	
At 1 January 2018	408
Additions	21
At 31 December 2018	429
Accumulated depreciation:	
At 1 January 2018	292
Charge for the year	63
At 31 December 2018	355
Net book value	
At 31 December 2018	**74**
At 31 December 2017	116

11 Fixed asset investment

The Company has one 100% owned subsidiary undertaking, The Insight Lab Limited, which is incorporated in England in the UK, has the same registered address as the Company and is dormant. The carrying value of the investment is £nil *(2017: £nil)*.

Notes *(continued)*

12 Stocks

	2018 £000	2017 £000
Finished goods	**19**	98

Stock recognised in cost of sales during the year as an expense was £240,000 *(2017: £591,000)*. No write-down to net realisable value was recognised in cost of sales against stock in the current or prior year.

13 Debtors

	2018 £000	2017 £000
Trade debtors	**1,466**	1,202
Amounts owed by group undertakings	**54**	711
Corporation tax	**74**	74
Other debtors	**19**	21
Prepayments and accrued income	**406**	778
Deferred tax asset (note 15)	**11**	-
	2,030	2,786

14 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	**78**	102
Amount owed to group undertakings	**1,264**	2,035
Taxation and social security	**389**	368
Accruals and deferred income	**529**	636
	2,260	3,141

15 Deferred tax asset

The deferred tax asset/(liability) is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	**11**	(43)
Unallocated tax losses	**-**	1
	11	(42)

The amount of deferred taxation which is anticipated to reverse in the next financial year is £11,000 *(2017: £11,000)*.

Notes *(continued)*

16 Share capital

	2018	2017
	£	£
Allotted, called up and fully paid:		
200 'A 'ordinary shares of £1 each	**200**	200
42 'B ordinary shares of £1 each	**42**	42
200 'C' ordinary shares of £1 each	**200**	200
200 'D' ordinary shares of £1 each	**200**	200
200'E' ordinary shares of £1 each	**200**	200
	842	842

All shares rank pari-passu.

17 Pension commitments

The Company operates a defined contributions 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 £80,000 *(2017: £157,000).*

18 Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£000	£000
Not later than one year	**3**	22
Later than one year but not later than five years	**8**	-
	11	22

The operating lease charge recorded in the profit and loss account in the year is £195,000 *(2017: £335,000).*

19 Ultimate parent company and ultimate controlling party

At 31 December 2018, the ultimate parent company was Bionical Limited. The only group in which the results of the Company are included is that headed by Bionical Limited. Copies of the financial statements for Bionical Limited are available from Companies House.

On 1 January 2019, the company was acquired by Bionical Solutions Group Limited, a related party of Bionical Limited, such that the ultimate parent company is now Bionical Solutions Group Limited.

AD Leaver is considered the ultimate controlling party of Bionical Solutions Group Limited and Bionical Limited, by virtue of owning more than 50% of the equity share capital.