

Company Registration No. 05696673 (England and Wales)

**Forsite Diagnostics Limited**  
**Annual Report And Financial Statements**  
**For The Year Ended 30 June 2023**

# **FORSITE DIAGNOSTICS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr C H F Yates Mrs M Ross Dr C W Hand
<b>Secretary</b>	Mrs M Ross
<b>Company number</b>	05696673
<b>Registered office</b>	York Biotech Campus Sand Hutton York YO41 1LZ
<b>Auditor</b>	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

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# **FORSITE DIAGNOSTICS LIMITED**

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# **FORSITE DIAGNOSTICS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2023**

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The directors present the strategic report for the year ended 30 June 2023.

#### **Review of the business**

Our mission at Abingdon is to improve life by making rapid results accessible to all. We achieve this by supporting our customers, as an integrated lateral flow Contract Research Organisation ("CRO") and Contract Development and Manufacturing Organisation ("CDMO"), in developing and manufacturing lateral flow tests across a range of sectors including human health, such as infectious disease testing, animal health, plant pathogen and environmental testing.

Our technology focus continues to be on lateral flow. The lateral flow market is large and growing with recent market estimates (Source: Fact.MR(1)) forecast the lateral flow market will increase by 1.5x between 2022 and 2032 to reach a market size of \$11.7bn by 2032. Whilst reduced barriers to adoption of lateral flow technology is a key driver, a number of other factors are at play including the drive towards decentralisation of testing, whether in the clinical market it is due to a focus on personalised healthcare and the empowerment of patients to manage their own health; or in the animal health market where testing is being transitioned from the laboratory to the farm and the field. Lateral flow technology is simple and cost-effective, it is well-understood by a diverse range of users and seen as a valid alternative to laboratory testing in many cases. Due to these strengths we are seeing growth across clinical (both point of care and self-testing), animal health, food testing, plant pathogen and environmental testing.

We remain committed to becoming a leading lateral flow CRO and Contract CDMO. The CRO and CDMO business model, well-established in the pharmaceutical industry, has direct application to the medical diagnostics market, and Abingdon's CRO/CDMO team have the capability to take a project from "idea to commercial success" and our contract services cover R&D, scale-up, technical transfer and manufacturing as well as added-value services such as reagent development, regulatory and clinical trial support and packaging design and service provision. The ability to offer this range of outsourced options to our customer base is resonating well. We are focused on driving greater awareness of the capabilities of, and innovation in, lateral flow technology through a regular cadence of blogs and articles and we also attend third party workshops and conferences to promote the use of lateral flow technology and share knowledge. We will continue to expand our contract service provision, with a focus on lateral flow market, through both investment in the development of new service lines and through acquisition of complementary businesses.

#### **Current activity and pipeline**

We continue to grow our contract development customer base and have signed 5 Development contracts and 2 Technical Transfer contracts in the current year to date. We have also seen a number of our existing opportunities transition from development into technical transfer and from technical transfer into manufacturing. One such example is Loop Diagnostics ("LoopDx"), where we have worked closely with the LoopDx team for over 12 months to support the development of an early diagnostic test for sepsis. This product is targeting a significant unmet need and we were pleased to successfully transfer the product into manufacturing in July 2023. We continue to work closely with the LoopDx team to support them as they work through their clinical trials and commercial roll-out. In addition to our new and existing customer base our commercial pipeline remains robust and we continue to see good opportunities to expand our CRO/CDMO customer base for the foreseeable future. Based on this forecast growth in our CRO/CDMO customer base we are continuing to grow our development team to support this expansion in activity.

# **FORSITE DIAGNOSTICS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

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### **Funding**

The Company believes it has no current requirement for additional funding. We believe we have sufficient cash resources within the Group to fund progress beyond 12 months from the signing date of the accounts, with our priority continuing to be moving the Company to a positive cashflow position.

Our strategic focus is on growing our CRO/CDMO business and we will continue to focus on growing our this customer base and support our customers in bringing their innovative products to market. As part of this strategy we will continue to expand our CRO/CDMO service offering to provide a comprehensive package of solutions that allow us to bring on customers' products through the journey "from idea to commercial success." We will also continue to grow our European distribution platform for self-tests both through increasing the number of retailer and distribution agreements in place and secondly through broadening the self-test product range including those developed in partnership with our CRO/CDMO customers.

### **Key performance indicators**

In the year revenue rose to £3.9m (2022: £2.8m). Gross margin in the financial year was 52% (2022:(113)%). In the prior year, there were provisions for stock write off of £3.7m, which has been recognised in cost of sales, mainly relating to Abingdon owned AbC-19™ stock and an increase in provisions for obsolete items. Adjusting for this one-off charge, underlying gross margin was 18%.

### **Impairment of assets**

In the prior year, the Directors have compared the projected results of the Group to the carrying value of its property, plant and equipment, which is considered to form a single cash generating unit ("CGU") for impairment testing purposes.

The future cashflows were tested on a group basis, which showed an estimated present value of future group cashflows into perpetuity of £1.8m, and future cashflows attributable to the Company of representing an overall impairment in the Company of £3.3m. This was discounted at a rate of 23.7% and with a long-term growth normalising at 3.0%. The Directors also performed a complementary check of the expected capacity modelling for each key machine, which approximated to the outcome of the cashflow model on a Group basis.

Note 13 to the accounts provide more details on the impairment.

### **Principal risk and uncertainties**

The principal risks and uncertainties of the group are considered to be:

- Funding risk and material uncertainty in relation to going concern
- Regulatory approval
- Revenue growth
- Key employees
- Supply chain
- Economic and political factors

These risks and the group's response to them are outlined in Abingdon Health plc's Strategic Report in more detail.

On behalf of the board

Mr C H F Yates

**Director**

23 October 2023

# **FORSITE DIAGNOSTICS LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 30 JUNE 2023***

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The directors present their annual report and financial statements for the year ended 30 June 2023.

### **Principal activities**

The principal activity of the company continued to be that of developing and manufacturing lateral flow devices for the diagnostics sector.

### **Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid (2022 - £nil). The directors do not recommend payment of a final dividend.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr C H F Yates  
Mrs M Ross  
Dr C W Hand

### **Going concern**

The Directors have prepared cash flow forecasts for the Group under a number of scenarios, including plausible downside scenarios, for the foreseeable future, being a period of at least 12 months from the expected date of approval of the financial statements and continue to evaluate financial forecasts. The models are underpinned by a high percentage of forecast revenues up to December 2024 being based on committed milestone based contracts. The Group continues to focus on partnering with other Companies to develop products for manufacture and transition these in a timely manner and securing sales of existing and new products through its websites and distribution channels. At 30 June 2023 the group cash bank balance was £3.2m. Cash burn on a monthly basis continues to reduce.

Existing facilities provided by the company's parent, Abingdon Health Plc, will provide sufficient funds for operations to continue at their current level for a minimum of 12 months from the date of the approval of these financial statements. There is a binding letter of support in place to evidence this.

### **Auditor**

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the company will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr C H F Yates  
**Director**

23 October 2023

# **FORSITE DIAGNOSTICS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 JUNE 2023***

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The directors are responsible for preparing the annual 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), comprising FRS 101. 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **FORSITE DIAGNOSTICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBER OF FORSITE DIAGNOSTICS LIMITED**

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#### **Opinion**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 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.

We have audited the financial statements of Forsite Diagnostics Limited ("the Company") for the year ended 30 June 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Equity and notes to the financial statements, 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 Financial Reporting Standard 101 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

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

#### *Independence*

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.

#### **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 at least twelve 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.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.



# **FORSITE DIAGNOSTICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF FORSITE DIAGNOSTICS LIMITED**

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#### **Other Companies Act 2006 reporting**

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 the Directors' report have been prepared in accordance with applicable legal requirements.

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 the 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; and
- 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, 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.

#### *Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### *Non-compliance with laws and regulations*

Based on our understanding of the company and the sector in which it operates; discussion with management and those charged with governance and obtaining an understanding of the company's policies and procedures regarding compliance with laws and regulations; we identified that the principal risks of non-compliance with laws and regulations related to the reporting framework, FRS 101, and we considered the extent to which non-compliance might have a direct impact and material effect on the company's Financial Statements or their continued operation.

# **FORSITE DIAGNOSTICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF FORSITE DIAGNOSTICS LIMITED**

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### **Auditor's responsibility for the audit of the financial statements (continued)**

#### *Non-compliance with laws and regulations (continued)*

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be fictitious revenue transactions, fraudulent journals posted to revenue, fictitious employees/suppliers and management override of controls.

Our procedures in respect of the above included:

- Fictitious revenue transactions - we performed substantive testing in respect of revenue transactions around the year end and agreed to proof of performance obligation.
- Fraudulent journals posted to revenue – we reviewed journals entries made to revenue nominal accounts, to identify unexpected entries compared;
- Management override of controls – we challenged assumptions made by management in respect of significant accounting estimates and judgements, as well as tested a sample of journal entries throughout the year, which met a defined risk criteria, to supporting documentation;
- Existence of employees – we selected a substantive sample of employees in the year and agreed existence to signed contracts
- Existence of suppliers – we selected a substantive sample of costs in the year and confirmed the legitimacy of the supplier to 3rd party source documentation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

## **FORSITE DIAGNOSTICS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF FORSITE DIAGNOSTICS LIMITED**

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#### **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.

**Stuart Wood (Senior Statutory Auditor)**  
**For and on behalf of BDO LLP, Statutory Auditor**  
**Leeds**  
**United Kingdom**

24 October 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# **FORSITE DIAGNOSTICS LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 £	2022 £
Revenue	3	3,939,979	2,828,989
Cost of sales		(1,898,031)	(6,012,701)
<b>Gross profit/(loss)</b>		<b>2,041,948</b>	<b>(3,183,712)</b>
Administrative expenses		(3,071,303)	(8,217,036)
Other operating income		195,756	238,222
Exceptional item	6	(125,679)	(66,121)
<b>Operating loss</b>	7	<b>(959,278)</b>	<b>(11,228,647)</b>
Investment income	10	625	-
Finance costs	11	(283,200)	(283,200)
<b>Loss before taxation</b>		<b>(1,241,853)</b>	<b>(11,511,847)</b>
Tax (charge)/credit on loss	12	114,749	179,099
<b>Loss and total comprehensive loss for the financial year</b>		<b>(1,127,104)</b>	<b>(11,332,748)</b>

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 13 to 30 form part of these financial statements.

# **FORSITE DIAGNOSTICS LIMITED**

## **STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2023**

	Notes	2023 £	£	2022 £	£
<b>Non-current assets</b>					
Intangible assets	14	56,555		6,314	
Property, plant and equipment	15	365,493		734,524	
			422,048		740,838
<b>Current assets</b>					
Inventories	16	279,421		533,892	
Trade and other receivables	17	1,043,171		639,325	
Cash and cash equivalents		1,386,324		844,030	
		2,708,916		2,017,247	
<b>Current liabilities</b>					
Trade and other payables	19	13,880,887		11,757,971	
Taxation and social security		43,703		1,008,780	
Deferred income	21	49,561		-	
		13,974,151		12,766,751	
<b>Net current liabilities</b>			(11,265,235)		(10,749,504)
<b>Total assets less current liabilities</b>			(10,843,187)		(10,008,666)
<b>Non-current liabilities</b>					
Borrowings	18	5,105,850		4,822,650	
			(5,105,850)		(4,822,650)
<b>Net liabilities</b>			(15,949,037)		(14,831,316)
<b>Equity</b>					
Called up share capital	24	2,400		2,400	
Share premium account	25	1,738,365		1,738,365	
Capital contribution reserve		151,411		196,605	
Retained losses		(17,841,213)		(16,768,686)	
<b>Total equity</b>			(15,949,037)		(14,831,316)

The notes on pages 13 to 30 form part of these financial statements.

## **FORSITE DIAGNOSTICS LIMITED**

### **STATEMENT OF FINANCIAL POSITION (CONTINUED)**

***AS AT 30 JUNE 2023***

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The financial statements were approved by the board of directors and authorised for issue on 23 October 2023 and are signed on its behalf by:

Mr C H F Yates  
**Director**

**Company registration number 05696673**

# **FORSITE DIAGNOSTICS LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 JUNE 2023**

	Share capital	Share premium account	Capital contribution reserve	Retained losses	Total
	£	£	£	£	£
<b>Balance at 1 July 2021</b>	2,400	1,738,365	121,847	(5,505,489)	(3,642,877)
<b>Year ended 30 June 2022:</b>					
Loss and total comprehensive loss for the year	-	-	-	(11,332,748)	(11,332,748)
Transactions with owners in their capacity as owners:					
Share based payment expense	-	-	144,309	-	144,309
Forfeiture of share options	-	-	(69,551)	69,551	-
<b>Balance at 30 June 2022</b>	<u>2,400</u>	<u>1,738,365</u>	<u>196,605</u>	<u>(16,768,686)</u>	<u>(14,831,316)</u>
<b>Year ended 30 June 2023:</b>					
Loss and total comprehensive loss for the year	-	-	-	(1,127,104)	(1,127,104)
Transactions with owners in their capacity as owners:					
Share based payment expense	-	-	9,383	-	9,383
Share options exercised	-	-	(4,035)	4,035	-
Forfeiture of share options	-	-	(50,542)	50,542	-
<b>Balance at 30 June 2023</b>	<u>2,400</u>	<u>1,738,365</u>	<u>151,411</u>	<u>(17,841,213)</u>	<u>(15,949,037)</u>

The notes on pages 13 to 30 form part of these financial statements.

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2023**

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### **1 Accounting policies**

#### **Company information**

Forsite Diagnostics Limited is a private company limited by shares incorporated in England and Wales. The registered office is York Biotech Campus, Sand Hutton, York, YO41 1LZ. The company's principal activity is developing and manufacturing lateral flow devices for the diagnostics sector.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 101, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- the requirements of IFRS 7 Financial Instruments: Disclosure, on the grounds that equivalent disclosures for financial instruments are presented in the group accounts of Abingdon Health Plc;
- the requirements of IAS 7 Statement of Cash Flows to present a statement of cash flows;
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions and balances between two or more members of a group;
- 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(q)(ii), B66 and 367 of IFRS 3 'Business Combinations', for which equivalent disclosures are included in the group accounts of Abingdon Health Plc;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79 (a)(iv) of IAS 1;
  - (ii) paragraph 73 (e) of IAS 16 'Property, Plant and Equipment'; and
  - (iii) paragraph 118 (e) of IAS 38 'Intangible Assets'.
- the requirements of paragraphs 10 (d), 10(f), 39 (c) and 134-136 of IAS 1 'Presentation of Financial Statements'; and
- the requirements of paragraphs 134(d)-134 (f) and 135 (c)-35(e) of IAS 36 'Impairment of Assets'

Where required, equivalent disclosures are given in the group accounts of Abingdon Health Plc. The group accounts of Abingdon Health Plc are available to the public and can be obtained as set out in note 28.

#### **1.2 Going concern**

The Directors have prepared cash flow forecasts for the Group under a number of scenarios, including plausible downside scenarios, for the foreseeable future, being a period of at least 12 months from the expected date of approval of the financial statements and continue to evaluate financial forecasts. The models are underpinned by a high percentage of forecast revenues up to December 2024 being based on committed milestone based contracts. The Group continues to focus on partnering with other Companies to develop products for manufacture and transition these in a timely manner and securing sales of existing and new products through its websites and distribution channels. At 30 June 2023 the group cash bank balance was £3.2m. Cash burn on a monthly basis continues to reduce.

Existing facilities provided by the company's parent, Abingdon Health Plc, will provide sufficient funds for operations to continue at their current level for a minimum of 12 months from the date of the approval of these financial statements. There is a binding letter of support in place to evidence this.



# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

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### **1 Accounting policies**

**(Continued)**

#### **1.3 Revenue**

The company applies IFRS 15 'Revenue from contracts with customers'. Under IFRS 15, the company applies the 5 - step method to identify contracts with its customers, determine performance obligations arising under those contracts, set an expected transaction price, allocate that price to the performance obligations, and then recognises revenues as and when those obligations are satisfied.

##### *Product sales and contract manufacturing*

Goods are supplied under contracts where the key performance criteria for the company are the manufacturing and delivery of the products. The fair value of the revenue, being the price per unit net of volume discounts and sales taxes, are recognised as revenue at the point of transfer of control to the customer, which is typically on dispatch from the company's premises. Product sales include a range of rights to return, which are accrued as appropriate where expected to be utilised by the customer.

##### *Contract development*

Contract Development services typically represent a rate for a period of work with demonstrable milestones. Where milestones are met, these will typically trigger an additional stage of work, or alternatively will become a stop point for the contract. This milestone is the risk of the end customer. The company therefore breaks down these milestone payments and recognises revenue over time based on a proportion of completion basis, using its judgement as to the stage of completion of the contract through to the point of completion of that milestone.

Although Contract Development services typically cover a period of several weeks or months, the pricing of this is typically set on a day rate as opposed to any milestone or percentage of completion approach. As such, the performance obligations are considered to be availability of staff to fulfil each day's work, as opposed to the overall contract qualifying as a long-term contract.

Revenues are therefore recognised at a point in time on the day that each unit of contract development is provided, or the day that a member of staff have been utilised, at the day rate agreed on that particular contract. Where contracts include significant uncertainties as to the technical feasibility of outcome, the revenue recognition is deferred until such time as the company has reasonable certainty as to the likely success of the development work. As the contracts typically involve the transfer of knowledge, and as any intellectual property created is owned by the customer, the Directors do not consider that there is any deferred element to the provision of staff.

A contract liability does, however, arise where services are invoiced in advance of performance, or where a customer makes payment in advance of an invoice being raised and work being performed. The amount is released to the profit or loss in subsequent periods in reference to utilisation of staff at the prevailing day rate. A contract receivable arises where services are performed, and a sales invoice is not raised before the reporting period end.

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

### **1 Accounting policies**

**(Continued)**

#### **1.4 Intangible assets other than goodwill**

Intangible assets are initially measured at cost. Where intangible assets are acquired as part of a business combination, cost is determined by reference to a fair value estimation technique as disclosed further in note 2. After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation is charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed each financial period-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. Useful lives are typically amortised on the following basis:

Intellectual property      10 - 25% straight line

\* The contract that development costs related to was terminated in the prior year via a settlement agreement, the remaining development costs associated with this contract were impaired in full in the prior year.

Research expenditure is written off against profits in the year in which it is incurred. Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation detailed above are expensed as incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee (other than directors) costs incurred on development and directly attributable overheads. The costs of internally generated software developments are recognised as intangible assets.

Capitalised development costs are amortised over a period which is usually no more than five years. Amortisation commences once an asset is available for use, in line with IAS38.

#### **1.5 Property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Life of the lease
Plant and equipment	20% - 33% straight line
Computers	33% straight line

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

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### **1 Accounting policies**

**(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### **1.6 Impairment of tangible and intangible assets**

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **1.7 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### **1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.9 Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

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### **1 Accounting policies**

**(Continued)**

#### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

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

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

#### ***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

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### **1 Accounting policies**

**(Continued)**

#### **1.9 Financial assets (continued)**

##### ***Impairment of financial assets***

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **1.10 Financial liabilities**

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### ***Financial liabilities at fair value through profit or loss***

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

##### ***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

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### **1 Accounting policies**

**(Continued)**

#### **1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Share capital represents the nominal value of shares that have been issued. Share premium represents the excess consideration received over share capital upon the sale of shares, less any incidental costs of issue.

Retained losses include all current and prior period retained losses.

The capital contribution reserve relates to the company's share of the fair value expense imposed on the company in respect of options granted over the equity shares of the company's parent Abingdon Health Plc.

#### **1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

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### **1 Accounting policies**

**(Continued)**

#### **1.15 Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

#### **1.16 Leases**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### **1.17 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### **1.18 Research and development expenditure credits**

Where the company receives research and development expenditure credits ("RDEC") these are accounted for as government grant income within operating income as it more closely aligns with grant income as opposed to a taxation credit. The income is recognised on the performance model under IAS 20 Accounting for Government Grants and Disclosures'.

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

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### **2 Critical accounting estimates and judgements**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Going concern**

The accounts are prepared on the going concern basis, despite significant level of retained losses. Further explanation of this judgement is provided in note 1.2.

#### **Revenue recognition**

In line with IFRS 15 management are required to determine appropriate revenue recognition points for all revenue streams. Where multiple contracts are entered into with a single counterparty any instalment payments are not considered to be a key indicator of the satisfaction of a performance obligation, although linked contracts with a counterparty are considered in conjunction when identifying the appropriate point for revenue recognition. Disclosure of the key assumptions and judgements on this is provided in note 1.3.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

#### **Inventory valuation**

The company converts raw materials to finished goods. Stock values include any costs such as labour and overheads attributable to generating finished goods, as management believe this is the most suitable costing method to take into account the matching concept of accounting.

In addition, the company provides against the cost of inventories where the value of the inventory is considered to be irrecoverable, either through demand or through expiration. Details of the current inventory provision is provided in note 16.

#### **Share based payments**

The determination of the fair values of the EMI options and SAYE scheme options have been made by reference to the Black-Scholes model. The expense associated with these options is adjusted to reflect the anticipated staff attrition rates over the life of each scheme.

The company is not itself party to such options, however it is the employer for staff who receive share options in the parent company, Abingdon Health Plc, and takes the benefit of services provided by those employees.



# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

### **3 Revenue**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Revenue analysed by class of business</b>		
Contract manufacturing	312,262	1,131,891
Contract development	1,058,769	1,245,704
Product sales	2,300,785	451,394
Regulatory	268,163	-
	<u>3,939,979</u>	<u>2,828,989</u>
	<u><u>3,939,979</u></u>	<u><u>2,828,989</u></u>
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Revenue analysed by geographical market</b>		
United Kingdom	1,252,665	1,439,923
Europe	1,128,719	308,713
USA & Canada	861,587	182,290
Rest of the World	218,306	159,691
Belgium	478,702	738,372
	<u>3,939,979</u>	<u>2,828,989</u>
	<u><u>3,939,979</u></u>	<u><u>2,828,989</u></u>

### **4 Cost of sales**

During the year £243,302 of stock has been utilised which had previously been provided against resulting in a reversal of write off in the Statement of Comprehensive Income. In the prior year £3,685,470 of stock was written down resulting in a net gross loss.

### **5 Other operating income**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Research and development expenditure credit	195,756	105,205
Insurance claim income	-	133,017
	<u>195,756</u>	<u>238,222</u>
	<u><u>195,756</u></u>	<u><u>238,222</u></u>

### **6 Exceptional items**

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Expenditure</b>			
Redundancy costs		125,679	66,121
Impairment of plant and equipment	<b>13</b>	-	3,324,029
		<u>125,679</u>	<u>3,390,150</u>
		<u><u>125,679</u></u>	<u><u>3,390,150</u></u>

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

### **6 Exceptional items**

**(Continued)**

In addition to the above redundancy costs, it is notable that in the prior year the company recognised significant costs in relation to the impairment of inventories, as disclosed in notes 7 and 16. These costs were trading in nature and as such have not been disclosed as exceptional items, however the Directors consider it important to understand the impact of this non-cash adjustment in understanding the underlying performance of the company.

### **7 Operating loss**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	41,595	(45,267)
Research and development costs	59,972	131,000
Government grants	(195,756)	(105,205)
Depreciation of property, plant and equipment	403,183	607,524
(Profit)/loss on disposal of property, plant and equipment	(134)	287,269
Amortisation of intangible assets (included within administrative expenses)	10,766	134
Cost of inventories recognised as an expense	966,969	652,769
Write downs of inventories recognised as an expense	158,027	3,685,470
Reversal of write downs of inventories	(243,302)	-
Share-based payments	9,383	144,309
	<b>=====</b>	<b>=====</b>

### **8 Employees**

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

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Production	44	79
Research	12	13
Management & administration	2	4
	<b>=====</b>	<b>=====</b>
Total	58	96
	<b>=====</b>	<b>=====</b>

Their aggregate remuneration comprised:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,811,219	4,306,519
Social security costs	157,965	225,040
Pension costs	63,961	95,364
	<b>=====</b>	<b>=====</b>
	3,033,145	4,626,923
	<b>=====</b>	<b>=====</b>

The directors of the company are remunerated through the parent company, Abingdon Health Plc.

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

### **9 Auditor's remuneration**

In the current and prior years the company's audit fee has been borne by its parent, Abingdon Health Plc.

### **10 Investment income**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	625	-
	<u>625</u>	<u>-</u>

### **11 Finance costs**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	283,200	283,200
	<u>283,200</u>	<u>283,200</u>

### **12 Taxation**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	31,219	-
Adjustments in respect of prior periods	(145,968)	(179,099)
	<u>(114,749)</u>	<u>(179,099)</u>
<b>Total UK current tax</b>	<u>(114,749)</u>	<u>(179,099)</u>

The charge / (credit) for the year can be reconciled to the loss per the income statement as follows:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Loss before taxation	(1,241,853)	(11,511,847)
	<u>(1,241,853)</u>	<u>(11,511,847)</u>
Expected tax credit based on a corporation tax rate of 20.50% (2022: 19.00%)	(254,580)	(2,187,251)
Unutilised tax losses carried forward	294,238	2,173,006
Research and development tax credit	(9,145)	(19,989)
Share based payment charge	1,820	27,256
Adjustments in respect of prior period research and development tax credit	(145,968)	(179,099)
Other	(1,114)	6,978
	<u>(114,749)</u>	<u>(179,099)</u>
<b>Taxation credit for the year</b>	<u>(114,749)</u>	<u>(179,099)</u>

The UK corporation tax rate rose from 19% to 25% on 1 April 2023. The tax rate shown of 20.5% is a composite figure and reflects that two different rates were applied during the year.

Deferred tax balances at the reporting date continue to be measured at 25% (2022 - 25%).

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

### **13 Impairments**

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2023 £	2022 £
In respect of:		
Property, plant and equipment	-	3,324,029
Recognised in:		
Administrative expenses	-	3,324,029

Following the ongoing results of the business and reduced projections for future activity, the Directors have compared the anticipated results of the Company to the carrying value of its property, plant and equipment, which is considered to form a single cash generating unit ("CGU") for impairment testing purposes.

The future cashflows were tested on a group basis, which showed an estimated present value of future cashflows into perpetuity of £1,800,000 when discounted at a rate of 23.2% and with a long term growth normalising at 3.0%. Further details of this assessment can be found in the group accounts of Abingdon Health Plc.

For the Company, the cashflows have been adjusted to remove intercompany charges relating to the use of the site, and accordingly the Directors consider that the present value of the Company's future cashflows are £734,524, using the same discount rate and assumptions as the Group. Accordingly, the property, plant and equipment have been impaired to this value.

An increase in the discount rate of 2% would have resulted in the impairment increasing to £4.06m; a decrease in the rate of 2% would have reduced the value of the impairment to £2.18m.

### **14 Intangible fixed assets**

	Intellectual property £
<b>Cost</b>	
At 30 June 2022	23,741
Additions - purchased	61,007
At 30 June 2023	84,748
<b>Amortisation and impairment</b>	
At 30 June 2022	17,427
Charge for the year	10,766
At 30 June 2023	28,193
<b>Carrying amount</b>	
At 30 June 2023	56,555
At 30 June 2022	6,314

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

### **15 Property, plant and equipment**

	Leasehold improvements £	Plant and equipment £	Computers £	Total £
<b>Cost and valuation</b>				
At 1 July 2022	16,001	5,849,821	14,695	5,880,517
Additions	-	35,333	-	35,333
Disposals	-	(3,840)	-	(3,840)
At 30 June 2023	16,001	5,881,314	14,695	5,912,010
<b>Accumulated depreciation and impairment</b>				
At 1 July 2022	16,001	5,115,297	14,695	5,145,993
Charge for the year	-	403,183	-	403,183
Eliminated on disposal	-	(2,659)	-	(2,659)
At 30 June 2023	16,001	5,515,821	14,695	5,546,517
<b>Carrying amount</b>				
At 30 June 2023	-	365,493	-	365,493
At 30 June 2022	-	734,524	-	734,524

Included within plant & machinery are assets under construction with value £29,262 (2022 - £2,487,632). The assets are not depreciated until brought into use.

More information on impairment movements in the prior year is given in note 13.

### **16 Inventories**

	2023 £	2022 £
Raw materials	111,445	315,361
Work in progress	122,890	169,911
Finished goods	45,086	48,620
	<u>279,421</u>	<u>533,892</u>

Inventories comprise of products, which are not generally subject to rapid obsolescence on account of technological, deterioration in condition or market trends. Consequently, management considers that there is little risk of significant adjustments to the company's inventory assets within the next financial year.

The company has recognised a total provision of £835,977 (2022 - £7,857,862) against its inventories. Included within the total provision is £nil (2022 - £4,778,493) relating to raw materials and work in progress under a contract between Abingdon Health Plc ("AH"), the immediate parent, and the Department of Health and Social Care ("DHSC"), for which Forsite Diagnostics Limited is subcontracted for manufacturing. An expense has been recognised in the year relating to new impairments of £158,027 (2022 - £3,685,470).

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

### **16 Inventories**

**(Continued)**

Following an agreement in June of the prior year between AH and DHSC, an ongoing dispute which led to significant outstanding trade receivables remaining unpaid was settled, and funds received in July 2022. As a result of this, significant inventories held in the company in anticipation of sales were no longer utilisable, and are not expected to be used on other contracts. The company therefore recognised the provisions for irrecoverability shown above in the prior year. These provisions are not expected to reoccur in future years as no further inventories will be acquired for the DHSC contract.

### **17 Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade receivables	449,677	394,922
Provision for bad and doubtful debts	-	(8,400)
	<u>449,677</u>	<u>386,522</u>
Corporation tax recoverable	50,000	-
Amount owed by parent undertaking	106,845	-
Amounts owed by fellow group undertakings	41,398	40,619
Other receivables	107,492	121,292
Prepayments and accrued income	79,847	64,343
Contract assets	207,912	26,549
	<u>1,043,171</u>	<u>639,325</u>

Expected credit losses for the following 12 months have been estimated in accordance with IFRS 9 'Financial Instruments'. The current year expected credit losses have been adjusted to reflect credit risks outstanding at the current reporting period date. This has been determined by reference to past default experience and known issues. Write offs are made when the irrecoverable amount becomes certain. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Contract assets have been calculated in accordance with IFRS 15 'Revenue from Contracts with Customers'.

Amounts owed by fellow group undertakings are interest free and repayable on demand.

### **18 Borrowings**

	<b>Non-current</b>	
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Borrowings held at amortised cost:</b>		
Loans from parent undertaking	5,105,850	4,822,650
	<u>5,105,850</u>	<u>4,822,650</u>

The interest rate on the loan with Abingdon Health Plc, the company's ultimate parent, is 8% per annum.

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

### **19 Trade and other payables**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade payables	900,742	1,908,597
Amount owed to parent undertaking	12,877,724	9,352,859
Amounts owed to fellow group undertakings	(11)	-
Accruals and deferred income	90,780	483,983
Other payables	11,652	12,532
	<u>13,880,887</u>	<u>11,757,971</u>

Included with accruals and contract liabilities is £49,561 (2022 - £99,741) relating to deferred revenues, calculated in accordance with IFRS 15 'Revenue from Contracts with Customers'. The amount of deferred revenues relating to the prior year has been fully released in the current financial year.

The amounts owed to parent undertaking primarily represent amounts advanced to purchase inventories related to the parent company's government contracts. The loan has no fixed repayment terms but there is a general agreement that this will be repaid when inventories are converted into cash. The Directors at present have no clarity over the timing of this, and as such the loan has been presented as due within one year.

### **20 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	<b>Accelerated capital allowances £</b>	<b>Tax losses £</b>	<b>Provisions £</b>	<b>Total £</b>
Balance at 1 July 2021	131,953	(131,953)	-	-
<b>Deferred tax movements in prior year</b>				
(Credit)/charge to profit or loss	(134,050)	131,953	2,097	-
Liability at 1 July 2022	-	-	-	-
Asset at 1 July 2022	(2,097)	-	2,097	-
<b>Deferred tax movements in current year</b>				
Charge/(credit) to profit or loss	2,097	-	(2,097)	-
Liability at 30 June 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The company has estimated tax losses of £14,100,000 (2022 - £13,242,000 ) which have not been recognised as a deferred tax asset due to uncertainty over the timing and extent of the company's ability to utilise these against future taxable profits. If a deferred tax asset was recognised in full in respect of this, the company's net liabilities would increase by approximately £3,610,000 (2022 - £3,311,000).

# **FORSITE DIAGNOSTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

### **21 Deferred revenue**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Arising from Contract liability	49,561	-
	<u>49,561</u>	<u>-</u>

### **22 Retirement benefit schemes**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	63,961	95,364
	<u>63,961</u>	<u>95,364</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end there is a pension creditor of £11,002 (2022 - £11,367).

### **23 Share-based payment transactions**

The company has recognised the following expense in the year in respect of share-based payments:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Expenses</b>		
Related to equity settled share based payments	9,383	144,309
	<u>9,383</u>	<u>144,309</u>

The fair value expense relates to options granted to employees of the company but are for issue of shares in Abingdon Health Plc, the company's immediate and ultimate parent; accordingly the company has taken advantage of the disclosure exemptions under FRS 101 not to present this information.

The capital contribution reserve relates to the company's share of the fair value expense imposed on the company in respect of options granted over the equity shares of the company's parent Abingdon Health Plc. Amounts transferred from the reserve into retained profits represent the forfeit of share options that will not vest.

### **24 Share capital**

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of 0.1p each	2,400,000	2,400,000	2,400	2,400
	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400</u>	<u>2,400</u>



## **FORSITE DIAGNOSTICS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2023**

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**24 Share capital**

**(Continued)**

Share capital represents the nominal value of shares that have been issued.

Share premium represents the excess consideration received over share capital upon the sale of shares, less any incidental costs of issue.

Retained losses include all current and prior period retained losses.

Capital contribution reserve relates to the fair value of options recognised as an expense, which are settled on the Company's behalf by its parent, Abingdon Health plc.

**25 Share premium account**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
At the beginning and end of the year	1,738,365	1,738,365

**26 Contingent liabilities**

The company is not party to any contingent liabilities or guarantees as at the current or comparative year end.

**27 Related party transactions**

The company has taken advantage of the disclosure exemptions conferred by FRS 101 to not disclose related party transactions and balances where relevant group companies are all wholly owned by the group headed by Abingdon Health Plc. Details of the outstanding balances at the year end are given in notes 17 and 19.

**28 Controlling party**

The company's immediate parent company is Abingdon Health Plc, a company registered in England and Wales.

The ultimate parent company and controlling party is Abingdon Health Plc, a company incorporated in England and Wales with registered office York Biotech Campus, Sand Hutton, York, YO41 1LZ. Abingdon Health Plc is the smallest and largest group into which Forsite Diagnostics Limited is consolidated.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.