

**Financial Statements for the Year Ended 31 December 2021**

**for**

**Sky Medical Technology Limited**

**Contents of the Financial Statements  
for the Year Ended 31 December 2021**

|  | <b>Page</b> |
|--|-------------|
| <b>Company Information</b>               | <b>1</b>    |
| <b>Balance Sheet</b>                     | <b>2</b>    |
| <b>Notes to the Financial Statements</b> | <b>3</b>    |

**Sky Medical Technology Limited**  
**Company Information**  
**for the Year Ended 31 December 2021**

**DIRECTORS:**

B J Ross  
R E Long  
E T Rudd  
K A Powell  
C Bouckley  
R J Peterson  
G Baran  
G Slemko

**SECRETARY:**

D G Hughes BA FCA

**REGISTERED OFFICE:**

Daresbury Science & Innovation Campus  
Keckwick Lane  
Daresbury  
Cheshire  
WA4 4FS

**REGISTERED NUMBER:**

05751473 (England and Wales)

**AUDITORS:**

Myersons  
Statutory Auditors  
Chartered Accountants  
32 Derby Street  
Ormskirk  
Lancashire  
L39 2BY

**Sky Medical Technology Limited (Registered number: 05751473)**

**Balance Sheet**  
**31 December 2021**

|  | Notes | 31.12.21<br>£    | £                   | 31.12.20<br>£    | £                   |
|--|-------|------------------|---------------------|------------------|---------------------|
| <b>FIXED ASSETS</b>                          |       |                  |                     |                  |                     |
| Intangible assets                            | 4     |                  | -                   |                  | -                   |
| Tangible assets                              | 5     |                  | 158,676             |                  | 205,019             |
| Investments                                  | 6     |                  | 100                 |                  | 100                 |
|  |       |                  | <u>158,776</u>      |                  | <u>205,119</u>      |
| <b>CURRENT ASSETS</b>                        |       |                  |                     |                  |                     |
| Debtors                                      | 7     | 7,934,959        |                     | 7,360,180        |                     |
| Cash at bank and in hand                     |       | <u>3,394,418</u> |                     | <u>4,885,527</u> |                     |
|  |       | 11,329,377       |                     | 12,245,707       |                     |
| <b>CREDITORS</b>                             |       |                  |                     |                  |                     |
| Amounts falling due within one year          | 8     | <u>606,767</u>   |                     | <u>980,635</u>   |                     |
| <b>NET CURRENT ASSETS</b>                    |       |                  | <u>10,722,610</u>   |                  | <u>11,265,072</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                  | 10,881,386          |                  | 11,470,191          |
| <b>CREDITORS</b>                             |       |                  |                     |                  |                     |
| Amounts falling due after more than one year | 9     |                  | <u>11,629,204</u>   |                  | <u>8,664,802</u>    |
| <b>NET (LIABILITIES)/ASSETS</b>              |       |                  | <u>(747,818)</u>    |                  | <u>2,805,389</u>    |
| <b>CAPITAL AND RESERVES</b>                  |       |                  |                     |                  |                     |
| Called up share capital                      | 13    |                  | 39,494              |                  | 39,191              |
| Share premium                                |       |                  | 33,814,880          |                  | 32,950,109          |
| Share option reserve                         |       |                  | 780,739             |                  | 721,929             |
| Retained earnings                            |       |                  | <u>(35,382,931)</u> |                  | <u>(30,905,840)</u> |
| <b>SHAREHOLDERS' FUNDS</b>                   |       |                  | <u>(747,818)</u>    |                  | <u>2,805,389</u>    |

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 12 May 2022 and were signed on its behalf by:

B J Ross - Director

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2021**

**1. STATUTORY INFORMATION**

Sky Medical Technology Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Preparation of consolidated financial statements**

The financial statements contain information about Sky Medical Technology Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

**Patents and licences**

Patents and licences capitalised in the first year of trade are being amortised over the expected useful life of 5 years.

Patent costs incurred thereafter have been debited to the profit and loss in the period they are incurred.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

|                          |  |
|--------------------------|--|
| Improvements to property | - 20% on cost                              |
| Plant and machinery      | - 20% on cost and at varying rates on cost |
| Fixtures and fittings    | - 15% on reducing balance                  |
| Computer equipment       | - 33% on cost                              |

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

The Convertible Loan Notes are classified as 'Other Financial Instruments' and therefore are measured at fair value with any annual adjustments being released to the profit & loss.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**2. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

**Research and development**

Expenditure on research and development is debited to the profit and loss account in the year in which it is incurred.

**Foreign currencies**

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

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Share premium**

The cost of raising finance is netted off against the share premium account.

**Share based payments**

Share options granted to directors and employees are provided in the financial statements at their fair value at the grant date spread over their vesting period.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 30 (2020 - 29) .

**4. INTANGIBLE FIXED ASSETS**

|   | Patents<br>and<br>licences<br>£ |
|---|---------------------------------|
| <b>COST</b>                               |                                 |
| At 1 January 2021<br>and 31 December 2021 | <u>5,300</u>                    |
| <b>AMORTISATION</b>                       |                                 |
| At 1 January 2021<br>and 31 December 2021 | <u>5,300</u>                    |
| <b>NET BOOK VALUE</b>                     |                                 |
| At 31 December 2021                       | <u>-</u>                        |
| At 31 December 2020                       | <u>-</u>                        |

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**5. TANGIBLE FIXED ASSETS**

|                        | Improvements<br>to<br>property<br>£ | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ | Computer<br>equipment<br>£ | Totals<br>£    |
|------------------------|-------------------------------------|-----------------------------|----------------------------------|----------------------------|----------------|
| <b>COST</b>            |                                     |                             |                                  |                            |                |
| At 1 January 2021      | 86,859                              | 427,613                     | 87,012                           | 237,782                    | 839,266        |
| Additions              | -                                   | 19,660                      | -                                | 14,789                     | 34,449         |
| Disposals              | -                                   | (861)                       | -                                | (4,936)                    | (5,797)        |
| At 31 December 2021    | <u>86,859</u>                       | <u>446,412</u>              | <u>87,012</u>                    | <u>247,635</u>             | <u>867,918</u> |
| <b>DEPRECIATION</b>    |                                     |                             |                                  |                            |                |
| At 1 January 2021      | 86,859                              | 273,720                     | 61,564                           | 212,104                    | 634,247        |
| Charge for year        | -                                   | 58,787                      | 3,895                            | 16,923                     | 79,605         |
| Eliminated on disposal | -                                   | -                           | -                                | (4,610)                    | (4,610)        |
| At 31 December 2021    | <u>86,859</u>                       | <u>332,507</u>              | <u>65,459</u>                    | <u>224,417</u>             | <u>709,242</u> |
| <b>NET BOOK VALUE</b>  |                                     |                             |                                  |                            |                |
| At 31 December 2021    | <u>-</u>                            | <u>113,905</u>              | <u>21,553</u>                    | <u>23,218</u>              | <u>158,676</u> |
| At 31 December 2020    | <u>-</u>                            | <u>153,893</u>              | <u>25,448</u>                    | <u>25,678</u>              | <u>205,019</u> |

**6. FIXED ASSET INVESTMENTS**

|   | Shares in<br>group<br>undertakings<br>£ |
|---|---|
| <b>COST</b>                               |   |
| At 1 January 2021<br>and 31 December 2021 | <u>100</u>                              |
| <b>NET BOOK VALUE</b>                     |   |
| At 31 December 2021                       | <u>100</u>                              |
| At 31 December 2020                       | <u>100</u>                              |

**7. DEBTORS**

|   | 31.12.21<br>£    | 31.12.20<br>£    |
|---|------------------|------------------|
| Amounts falling due within one year:          |                  |                  |
| Amounts owed by group undertakings            | 77,955           | 61,000           |
| Amounts owed by participating interests       | 161              | 161              |
| Tax   | 1,100,000        | 1,030,000        |
| VAT   | 16,157           | 5,230            |
| Prepayments and accrued income                | <u>152,720</u>   | <u>117,566</u>   |
|   | <u>1,346,993</u> | <u>1,213,957</u> |
| Amounts falling due after more than one year: |                  |                  |
| Amounts owed by group undertakings            | <u>6,587,966</u> | <u>6,146,223</u> |
| Aggregate amounts                             | <u>7,934,959</u> | <u>7,360,180</u> |

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                 | 31.12.21       | 31.12.20       |
|---------------------------------|----------------|----------------|
|                                 | £              | £              |
| Other loans                     | 26,558         | 34,934         |
| Finance leases (see note 10)    | 51,861         | 53,631         |
| Trade creditors                 | 206,699        | 199,385        |
| Social security and other taxes | 71,623         | 70,454         |
| Other creditors                 | (91)           | 384,540        |
| Accruals and deferred income    | 250,117        | 237,691        |
|                                 | <u>606,767</u> | <u>980,635</u> |

**9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                              | 31.12.21          | 31.12.20         |
|------------------------------|-------------------|------------------|
|                              | £                 | £                |
| Finance leases (see note 10) | 11,715            | 63,376           |
| Convertible loan             | 11,617,489        | 8,601,426        |
|                              | <u>11,629,204</u> | <u>8,664,802</u> |

**10. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

|                            | Finance leases |                |
|----------------------------|----------------|----------------|
|                            | 31.12.21       | 31.12.20       |
|                            | £              | £              |
| Net obligations repayable: |                |                |
| Within one year            | 51,861         | 53,631         |
| Between one and five years | 11,715         | 63,376         |
|                            | <u>63,576</u>  | <u>117,007</u> |

|                            | Non-cancellable operating leases |                |
|----------------------------|----------------------------------|----------------|
|                            | 31.12.21                         | 31.12.20       |
|                            | £                                | £              |
| Within one year            | 85,778                           | 85,778         |
| Between one and five years | 135,407                          | 221,185        |
|                            | <u>221,185</u>                   | <u>306,963</u> |

**11. SECURED DEBTS**

An initial rent deposit paid by Sky Medical Technology Ltd to J P Morgan Trustee and Depositary Company of £4,235 has been secured by way of a mortgage charge created 31st August 2010 where in an event of default under the lease agreement this and all other monies due would be paid.



**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**12. FINANCIAL INSTRUMENTS**

Included in creditors: amounts falling due after more than one year, are 8% Convertible Loan Notes executed by the company on 12 December 2019. All outstanding Loan Notes which have not previously been converted or redeemed shall be redeemed on 30 April 2023.

Additional 8% Convertible Loan Notes were executed by the company in 2020 & 2021. In respect to these, any outstanding Loan Notes which have not previously been converted or redeemed have a maturity date that falls 36 months after the date of the agreements.

**13. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

| Number:    | Class:      | Nominal value: | 31.12.21      | 31.12.20      |
|------------|-------------|----------------|---------------|---------------|
|            |             |                | £             | £             |
| 7,740,818  | Ordinary    | £0.001         | 7,741         | 7,741         |
| 31,753,089 | A' Ordinary | £0.001         | 31,753        | 31,450        |
|            |             |                | <u>39,494</u> | <u>39,191</u> |

**14. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

Nicola Price ACA FCCA (Senior Statutory Auditor)  
for and on behalf of Myersons

**15. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**16. CONTROLLING PARTY**

In the opinion of the members, there is no overall controlling party as defined by Financial Reporting Standard 102.

**17. GOING CONCERN**

The company's financial statements are showing negative reserves at the balance sheet date. The assessment of going concern is reliant on the company's access to outside investment and funding, which has been successfully accessed on a consistent basis to support the company's extensive Research and Development activities and commercial expansion. In line with most Medical Technology and Life Sciences companies, there has been a large, planned expenditure on R&D to develop the products and provide clinical evidence to support efficacy. These costs have been expensed to the Profit & Loss account as incurred, which has contributed to the losses, but in reality, this expenditure has created a valuable intangible asset for the Group. It is a requirement of Accounting Standard FRS 102, that these costs are written off when incurred (except in a few very narrow circumstances).

In addition, the negative reserves are due to the majority of the recent outside investment being in the form of convertible loan notes rather than issued share capital at this stage. At the date of the audit report the directors are confident that the company will have sufficient funds and continued backing from existing investors for at least the next twelve months and beyond and therefore assess the company to be a going concern.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**18. DEBTOR RECOVERABILITY**

Included in debtors per the balance sheet and as disclosed in note 8 of the accounts is £6.6m (£6.2m 2020) of amounts owed by group undertakings. The majority of this is owed by Firstkind Ltd, a 100% subsidiary of the company. The recoverability of this debt is reliant on the success of the subsidiary and the group as a whole. It is therefore considered to be a long term debt. As at 31 December 2021 the subsidiary does not have the ability to repay this debt.

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.