

Financial Statements for the Year Ended 31 December 2020

for

Sky Medical Technology Limited

**Contents of the Financial Statements
for the Year Ended 31 December 2020**

	Page
Company Information	1
Balance Sheet	2
Notes to the Financial Statements	3

Sky Medical Technology Limited
Company Information
for the Year Ended 31 December 2020

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

Balance Sheet
31 December 2020

	Notes	31.12.20 £	£	31.12.19 £	£
FIXED ASSETS					
Intangible assets	4		-		-
Tangible assets	5		205,019		233,360
Investments	6		100		100
			<u>205,119</u>		<u>233,460</u>
CURRENT ASSETS					
Debtors	7	7,360,180		6,508,511	
Cash at bank and in hand		<u>4,885,527</u>		<u>1,662,909</u>	
		12,245,707		8,171,420	
CREDITORS					
Amounts falling due within one year	8	<u>980,635</u>		<u>594,253</u>	
NET CURRENT ASSETS			<u>11,265,072</u>		<u>7,577,167</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,470,191		7,810,627
CREDITORS					
Amounts falling due after more than one year	9		<u>8,664,802</u>		<u>1,233,999</u>
NET ASSETS			<u>2,805,389</u>		<u>6,576,628</u>
CAPITAL AND RESERVES					
Called up share capital	13		39,191		39,142
Share premium			32,950,109		32,810,077
Share option reserve			721,929		515,601
Retained earnings			<u>(30,905,840)</u>		<u>(26,788,192)</u>
SHAREHOLDERS' FUNDS			<u>2,805,389</u>		<u>6,576,628</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 8 July 2021 and were signed on its behalf by:

B J Ross - Director

Notes to the Financial Statements
for the Year Ended 31 December 2020

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
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

Government grants

In accordance with FRS102, the Performance Model is being applied to government grants relating to revenue. Therefore they are recognised in other income when the grant proceeds are received or receivable.

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 2020

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 29 (2019 - 28) .

4. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2020	
and 31 December 2020	<u>5,300</u>
AMORTISATION	
At 1 January 2020	
and 31 December 2020	<u>5,300</u>
NET BOOK VALUE	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

5. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2020	86,859	376,886	86,395
Additions	-	85,824	617
Disposals	-	(35,097)	-
At 31 December 2020	<u>86,859</u>	<u>427,613</u>	<u>87,012</u>
DEPRECIATION			
At 1 January 2020	86,859	214,790	57,074
Charge for year	-	68,155	4,490
Eliminated on disposal	-	(9,225)	-
At 31 December 2020	<u>86,859</u>	<u>273,720</u>	<u>61,564</u>
NET BOOK VALUE			
At 31 December 2020	<u>-</u>	<u>153,893</u>	<u>25,448</u>
At 31 December 2019	<u>-</u>	<u>162,096</u>	<u>29,321</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2020	29,428	241,595	821,163
Additions	-	11,962	98,403
Disposals	(29,428)	(15,775)	(80,300)
At 31 December 2020	<u>-</u>	<u>237,782</u>	<u>839,266</u>
DEPRECIATION			
At 1 January 2020	26,542	202,538	587,803
Charge for year	678	24,707	98,030
Eliminated on disposal	(27,220)	(15,141)	(51,586)
At 31 December 2020	<u>-</u>	<u>212,104</u>	<u>634,247</u>
NET BOOK VALUE			
At 31 December 2020	<u>-</u>	<u>25,678</u>	<u>205,019</u>
At 31 December 2019	<u>2,886</u>	<u>39,057</u>	<u>233,360</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2020	
and 31 December 2020	100
NET BOOK VALUE	
At 31 December 2020	100
At 31 December 2019	100

7. DEBTORS

	31.12.20 £	31.12.19 £
Amounts falling due within one year:		
Amounts owed by group undertakings	61,000	-
Amounts owed by participating interests	161	161
Tax	1,030,000	868,013
VAT	5,230	6,814
Prepayments and accrued income	117,566	188,300
	<u>1,213,957</u>	<u>1,063,288</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>6,146,223</u>	<u>5,445,223</u>
Aggregate amounts	<u>7,360,180</u>	<u>6,508,511</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20 £	31.12.19 £
Other loans	34,934	13,705
Finance leases (see note 10)	53,631	29,768
Trade creditors	199,385	239,519
Social security and other taxes	70,454	75,692
Other creditors	384,540	32,589
Accruals and deferred income	237,691	202,980
	<u>980,635</u>	<u>594,253</u>

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

	31.12.20 £	31.12.19 £
Finance leases (see note 10)	63,376	54,158
Convertible loan	8,601,426	1,179,841
	<u>8,664,802</u>	<u>1,233,999</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

10. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases	
	31.12.20	31.12.19
	£	£
Net obligations repayable:		
Within one year	53,631	29,768
Between one and five years	<u>63,376</u>	<u>54,158</u>
	<u>117,007</u>	<u>83,926</u>
	Non-cancellable operating leases	
	31.12.20	31.12.19
	£	£
Within one year	85,778	74,604
Between one and five years	<u>221,185</u>	<u>292,887</u>
	<u>306,963</u>	<u>367,491</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.

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. 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:	31.12.20	31.12.19
			£	£
7,740,818	Ordinary	£0.001	7,741	7,741
31,450,432	A' Ordinary	£0.001	<u>31,450</u>	<u>31,401</u>
			<u>39,191</u>	<u>39,142</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

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. DEBTOR RECOVERABILITY

Included in debtors per the balance sheet and as disclosed in note 8 of the accounts is £6.2m (£5.4m 2019) 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 2020 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.