

BROUGHTON VENTURES LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2022



BROUGHTON VENTURES LIMITED

COMPANY INFORMATION

Director	Dr P Moran
Registered number	07213394
Registered office	C/O Pearson & Associates Suite E, Canal Wharf Eshton Road Gargrave, Skipton North Yorkshire BD23 3SE
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors Number 3 Acorn Business Park Airedale Business Centre Skipton North Yorkshire BD23 2UE

BROUGHTON VENTURES LIMITED

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BROUGHTON VENTURES LIMITED

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present the strategic report and business review, which includes the principal risks and uncertainties of the business and key performance indicators for the period ended 31 December 2022.

Business review

Turnover decreased during 2022, mainly driven by the ongoing FDA inertia in progressing PMTA applications.

The directors believe that the company is well positioned for future growth through the market opportunities available. It is our aim to continue to grow as a life sciences Testing, Consultancy and Compliance business by increasing the scope of services we can offer across a wider range of industries.

Principal risks and uncertainties

The Management Team meet regularly to consider risks so that mitigations can be put in place as needed.

Regulatory changes, particularly the delays around the implementation of PMTA for ENDS products in the US have brought challenges. To reduce the risk of exposure in this one market, we are expanding our services in adjacent industries. This expansion has been slower than originally expected but we are starting to see movement in these areas and look forward to further growth through 2023/2024.

Financial key performance indicators

The directors have identified the following key financial performance indicators:

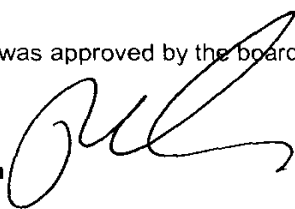
	2022	2021
	£	£
Turnover	9,956,887	17,381,271
Gross profit (%)	15	49
Net assets	7,951,934	11,464,746

Other key performance indicators

Headcount has decreased by 10%, compared to 2021.

This report was approved by the board and signed on its behalf.

Dr P Moran
Director



Date: 27 September 2023

BROUGHTON VENTURES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents his report and the financial statements for the year ended 31 December 2022.

Director's responsibilities statement

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The director is 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 the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £1,767,084 (2021 - profit £2,382,573).

A dividend has been paid in the year of £1,150,525. A final dividend has not been recommended.

Director

The director who served during the year was:

Dr P Moran

Future developments

Our mission is to help our clients deliver life-enhancing products to market, by providing the most trusted *integrated services in the world*. We will continue to invest and grow as a life sciences Testing, Consultancy and Compliance business with increased scope of services across a wider range of industries.

Financial instruments - indication of the financial risk management objectives and policies of the company

Foreign currency risk

The company is exposed to foreign exchange risk. Most sales are conducted in Sterling but there are some purchases that are invoiced in USD or Euro. Invoices are paid promptly to reduce the risk in fluctuations.

Matters covered in the Group strategic report

Information is not shown in the directors' report because it is shown in the strategic report instead under S414C (11). The strategic report includes a business review, principal risks and uncertainties and financial key performance indicators.

BROUGHTON VENTURES LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditors

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

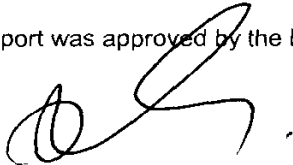
Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



Dr P Moran
Director

Date: 27 September 2023

BROUGHTON VENTURES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROUGHTON VENTURES LIMITED

Opinion

We have audited the financial statements of Broughton Ventures Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 Group's or the parent 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 director with respect to going concern are described in the relevant sections of this report.

BROUGHTON VENTURES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROUGHTON VENTURES LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The director is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Director's 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Director's responsibilities statement set out on page 2, the director is 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 director determines 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 director is responsible for assessing the Group's and the parent 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 director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

BROUGHTON VENTURES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROUGHTON VENTURES LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 Group financial statements.

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:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation and occupational health and employment legislation.
- We enquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.
- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: revenue recognition and management override of controls.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the directors and third-party advisors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

BROUGHTON VENTURES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROUGHTON VENTURES LIMITED
(CONTINUED)**

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 Auditors' 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.

Armstrong Watson Audit Limited.

Rohan Day (Senior statutory auditor)

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants

Statutory Auditors

Skipton

27 September 2023

BROUGHTON VENTURES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	9,956,887	17,381,271
Cost of sales		(8,491,056)	(8,854,699)
Gross profit		1,465,831	8,526,572
Administrative expenses		(4,282,824)	(4,483,458)
Other operating income	5	(914)	-
Operating (loss)/profit	6	(2,817,907)	4,043,114
Interest receivable and similar income	10	4,714	67
Interest payable and similar expenses	11	(63,919)	(63,487)
(Loss)/profit before taxation		(2,877,112)	3,979,694
Tax on (loss)/profit	12	514,825	(758,000)
(Loss)/profit for the financial year		(2,362,287)	3,221,694
(Loss)/profit for the year attributable to:			
Non-controlling interests		(595,203)	839,121
Owners of the parent Company		(1,767,084)	2,382,573
		(2,362,287)	3,221,694

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 18 to 37 form part of these financial statements.

BROUGHTON VENTURES LIMITED
REGISTERED NUMBER: 07213394

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	953,444	1,906,250
Tangible assets	14	2,190,956	2,720,176
		<u>3,144,400</u>	<u>4,626,426</u>
Current assets			
Stocks	16	500	500
Debtors: amounts falling due within one year	17	3,943,364	2,899,632
Cash at bank and in hand	18	3,555,993	8,337,244
		<u>7,499,857</u>	<u>11,237,376</u>
Creditors: amounts falling due within one year	19	(2,051,929)	(3,542,452)
Net current assets		<u>5,447,928</u>	<u>7,694,924</u>
Total assets less current liabilities		<u>8,592,328</u>	<u>12,321,350</u>
Creditors: amounts falling due after more than one year	20	(548,680)	(731,027)
Provisions for liabilities			
Deferred taxation	22	(91,714)	(125,577)
		<u>(91,714)</u>	<u>(125,577)</u>
Net assets		<u>7,951,934</u>	<u>11,464,746</u>
Capital and reserves			
Called up share capital	23	200	200
Profit and loss account		9,915,012	11,682,096
Equity attributable to owners of the parent Company		<u>9,915,212</u>	<u>11,682,296</u>
Non-controlling interests		(1,963,278)	(217,550)
		<u>7,951,934</u>	<u>11,464,746</u>

BROUGHTON VENTURES LIMITED
REGISTERED NUMBER: 07213394

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

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

Dr P Moran
Director

A handwritten signature in black ink, appearing to be 'P Moran', written in a cursive style.

Date: 27 September 2023

The notes on pages 18 to 37 form part of these financial statements.

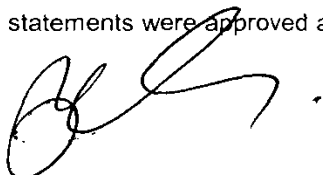
BROUGHTON VENTURES LIMITED
REGISTERED NUMBER: 07213394

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	15	37,700	37,700
		<u>37,700</u>	<u>37,700</u>
Current assets			
Debtors: amounts falling due within one year	17	1,125,000	1,125,000
		<u>1,125,000</u>	<u>1,125,000</u>
Total assets less current liabilities		1,162,700	1,162,700
Net assets		1,162,700	1,162,700
Capital and reserves			
Called up share capital	23	200	200
Profit and loss account brought forward		1,162,500	37,500
Profit for the year		-	1,125,000
Profit and loss account carried forward		1,162,500	1,162,500
		<u>1,162,700</u>	<u>1,162,700</u>

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

Dr P Moran
Director



Date: 27 September 2023

The notes on pages 18 to 37 form part of these financial statements.

BROUGHTON VENTURES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£
At 1 January 2022	200	11,682,096	11,682,296	(217,550)	11,464,746
Comprehensive income for the year					
Loss for the year	-	(1,767,084)	(1,767,084)	(595,203)	(2,362,287)
Dividends paid to NCI	-	-	-	(1,150,525)	(1,150,525)
At 31 December 2022	200	9,915,012	9,915,212	(1,963,278)	7,951,934

The notes on pages 18 to 37 form part of these financial statements.

BROUGHTON VENTURES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£
At 1 January 2021	200	9,299,523	9,299,723	818,329	10,118,052
Comprehensive income for the year					
Profit for the year	-	2,382,573	2,382,573	839,121	3,221,694
Dividends paid to NCI	-	-	-	(1,875,000)	(1,875,000)
At 31 December 2021	200	11,682,096	11,682,296	(217,550)	11,464,746

The notes on pages 18 to 37 form part of these financial statements.

BROUGHTON VENTURES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	200	1,162,500	1,162,700
At 31 December 2022	200	1,162,500	1,162,700

The notes on pages 18 to 37 form part of these financial statements.

BROUGHTON VENTURES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	200	37,500	37,700
Comprehensive income for the year			
Profit for the year	-	1,125,000	1,125,000
At 31 December 2021	200	1,162,500	1,162,700

The notes on pages 18 to 37 form part of these financial statements.

BROUGHTON VENTURES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(2,362,287)	3,221,694
Adjustments for:		
Amortisation of intangible assets	952,806	952,806
Depreciation of tangible assets	721,345	903,548
Loss on disposal of tangible assets	-	(382)
Interest paid	63,919	63,487
Interest received	(4,714)	(67)
Taxation charge	(514,825)	758,000
(Increase)/decrease in debtors	(1,043,736)	1,429,064
(Decrease) in creditors	(605,290)	(1,439,729)
Corporation tax (paid)	(254,027)	(1,464,072)
Net cash generated from operating activities	(3,046,809)	4,424,349
Cash flows from investing activities		
Purchase of tangible fixed assets	(192,125)	(354,092)
Sale of tangible fixed assets	-	923
Interest received	4,714	67
HP interest paid	(7,648)	(10,529)
Net cash from investing activities	(195,059)	(363,631)
Cash flows from financing activities		
Repayment of loans	(329,028)	(374,937)
Repayment of finance leases	(3,560)	(33,333)
Interest paid	(56,271)	(52,958)
Dividends paid to non-controlling interests	(1,150,524)	(1,875,000)
Net cash used in financing activities	(1,539,383)	(2,336,228)
Net (decrease)/increase in cash and cash equivalents	(4,781,251)	1,724,490
Cash and cash equivalents at beginning of year	8,337,244	6,612,754
Cash and cash equivalents at the end of year	3,555,993	8,337,244
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,555,993	8,337,244
	3,555,993	8,337,244

The notes on pages 18 to 37 form part of these financial statements.

BROUGHTON VENTURES LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2022

	At 1 January 2022 £	Cash flows £	(New)/repay ment of finance leases £	At 31 December 2022 £
Cash at bank and in hand	8,337,244	(4,781,251)	-	3,555,993
Debt due after 1 year	(731,027)	182,347	-	(548,680)
Debt due within 1 year	(337,604)	146,681	-	(190,923)
Finance leases	(3,560)	-	3,560	-
	7,265,053	(4,452,223)	3,560	2,816,390

The notes on pages 18 to 37 form part of these financial statements.

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Broughton Ventures Limited is the holding company to a trading group, operating from its registered office of c/o Pearson & Associates Suite E Canal Wharf, Eshton Road, Gargrave, Skipton, North Yorkshire, England, BD23 3SE.

The company is a private company limited by shares incorporated and domiciled in the United Kingdom. The company is a tax resident in the United Kingdom.

The principal activity of Broughton Life Sciences Limited is the provision of testing, consultancy and compliance services to support customers in the nicotine, pharma and cannabinoids industries.

The principal activity of Broughton Laboratories Limited is the provision of scientific consultancy services and laboratory services.

The principal activity of Broughton Software Limited is that of business software development.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2017.

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Going concern

The directors have considered the going concern basis in preparing the financial statements. The company has reported significant losses in the year to 31 December 2022, however the directors are confident of the future operating potential of the company.

The company has strong net current assets and surplus reserves which will allow and support investment as the company transitions into new services. The directors have taken strategic measures to grow the company and improve the profitability of the company.

In reaching their conclusion, the directors have considered cash flows covering a period of 12 months from the date of sign off.

Given this and the continued support of the directors, shareholders and creditors, the directors continue to adopt the going concern basis in preparing the financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

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

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	5	years
Other intangible fixed assets	-	5	years

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance and straight line basis.

Depreciation is provided on the following basis:

Land & buildings	-	20% straight line & 10% straight line on improvements
Plant and machinery	-	33% straight line & 20% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% reducing balance & 33% & 20% straight line
Computer equipment	-	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.18 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

4. Turnover

	2022 £	2021 £
Turnover	9,956,887	17,381,271
	<u>9,956,887</u>	<u>17,381,271</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	2,367,335	2,195,577
Rest of the world	7,589,551	15,185,694
	<u>9,956,886</u>	<u>17,381,271</u>

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5. Other operating income

	2022 £	2021 £
Other operating income	(914)	-
	<u>(914)</u>	<u>-</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2022 £	2021 £
Depreciation	721,345	903,548
Amortisation	952,806	952,806
Exchange differences	41,353	50,387
Other operating lease rentals	295,301	244,718
Defined contribution pension cost	146,696	141,024
	<u>146,696</u>	<u>141,024</u>

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	22,500	16,780

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

8. Employees

Staff costs were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	6,235,821	5,681,177	-	-
Cost of defined contribution scheme	146,696	141,024	-	-
	6,382,517	5,822,201	-	-

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Directors	4	4	1	1
Employees	127	131	-	-
	131	135	1	1

9. Director's remuneration

	2022 £	2021 £
Director's emoluments	8,400	8,400
Group contributions to defined contribution pension schemes	3,600	52,652
	12,000	61,052

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

10. Interest receivable

	2022 £	2021 £
Other interest receivable	4,714	67
	4,714	67

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	37,153	30,672
Other loan interest payable	19,118	22,286
Finance leases and hire purchase contracts	7,648	10,529
	<u>63,919</u>	<u>63,487</u>

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	46,541	781,530
Adjustments in respect of previous periods	(527,503)	-
	<u>(480,962)</u>	<u>781,530</u>
Total current tax	<u>(480,962)</u>	<u>781,530</u>
Deferred tax		
Origination and reversal of timing differences	(33,863)	(51,330)
Changes to tax rates	-	27,800
Total deferred tax	<u>(33,863)</u>	<u>(23,530)</u>
Taxation on (loss)/profit on ordinary activities	<u>(514,825)</u>	<u>758,000</u>

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	(2,877,112)	3,979,694
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(546,651)	756,142
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,740	27,869
Capital allowances for year in excess of depreciation	(5,674)	(16,516)
Utilisation of tax losses	(7,963)	(3,786)
Goodwill amortisation	180,913	180,913
Adjustments to tax charge in respect of prior periods	(527,503)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(124,022)	(217,332)
Unrelieved tax losses carried forward	628,463	-
Other differences leading to an increase (decrease) in the tax charge	-	667
Change in rate	(169,957)	30,043
Deferred tax asset not recognised	45,829	-
Total tax charge for the year	(514,825)	758,000

Factors that may affect future tax charges

An increase in the UK corporate tax from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000.

BROUGHTON VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Intangible assets

Group and Company

	Goodwill £	Other £	Total £
Cost			
At 1 January 2022	4,760,862	2,538	4,763,400
At 31 December 2022	<u>4,760,862</u>	<u>2,538</u>	<u>4,763,400</u>
Amortisation			
At 1 January 2022	2,856,516	634	2,857,150
Charge for the year on owned assets	952,172	634	952,806
At 31 December 2022	<u>3,808,688</u>	<u>1,268</u>	<u>3,809,956</u>
Net book value			
At 31 December 2022	<u>952,174</u>	<u>1,270</u>	<u>953,444</u>
At 31 December 2021	<u>1,904,346</u>	<u>1,904</u>	<u>1,906,250</u>

BROUGHTON VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Tangible fixed assets

Group

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2022	1,810,441	3,311,004	4,620	313,137	525,599	5,964,801
Additions	11,888	98,830	-	4,310	77,097	192,125
Disposals	-	(126,386)	-	(1,561)	(30,319)	(158,266)
At 31 December 2022	<u>1,822,329</u>	<u>3,283,448</u>	<u>4,620</u>	<u>315,886</u>	<u>572,377</u>	<u>5,998,660</u>
Depreciation						
At 1 January 2022	256,584	2,300,047	4,245	259,208	424,541	3,244,625
Charge for the year on owned assets	131,831	244,064	187	31,089	65,243	472,414
Charge for the year on financed assets	-	248,931	-	-	-	248,931
Disposals	-	(126,386)	-	(1,561)	(30,319)	(158,266)
At 31 December 2022	<u>388,415</u>	<u>2,666,656</u>	<u>4,432</u>	<u>288,736</u>	<u>459,465</u>	<u>3,807,704</u>
Net book value						
At 31 December 2022	<u>1,433,914</u>	<u>616,792</u>	<u>188</u>	<u>27,150</u>	<u>112,912</u>	<u>2,190,956</u>
At 31 December 2021	<u>1,553,857</u>	<u>1,010,957</u>	<u>375</u>	<u>53,929</u>	<u>101,058</u>	<u>2,720,176</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Plant and machinery	79,385	328,317
	<u>79,385</u>	<u>328,317</u>

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	37,700
At 31 December 2022	<u>37,700</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Broughton Software Limited	C/O Pearson & Associates Suite E Canal Wharfe, Eshton Road, Gargrave, Skipton BD23 3SE	Ordinary	99%
Broughton Laboratories Limited	C/O Pearson & Associates Suite E Canal Wharfe, Eshton Road, Gargrave, Skipton BD23 3SE	Ordinary	99%
Broughton Life Sciences Limited	C/O Pearson & Associates Suite E Canal Wharfe, Eshton Road, Gargrave, Skipton BD23 3SE	Ordinary A	75%

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Broughton Software Limited	(126,570)	39,960
Broughton Laboratories Limited	4,974,245	(20,665)
Broughton Life Sciences Limited	1,979,262	(2,381,582)

Broughton Software Limited and Broughton Laboratories Limited are exempt from audit by virtue of S479a of The Companies Act 2006.

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

16. Stocks

	Group 2022 £	Group 2021 £
Raw materials and consumables	500	500
	<u>500</u>	<u>500</u>

17. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due within one year				
Trade debtors	3,179,781	1,813,930	-	-
Amounts owed by group undertakings	-	-	1,125,000	1,125,000
Other debtors	132,612	261,074	-	-
Prepayments and accrued income	630,971	824,628	-	-
	<u>3,943,364</u>	<u>2,899,632</u>	<u>1,125,000</u>	<u>1,125,000</u>

18. Cash and cash equivalents

	Group 2022 £	Group 2021 £
Cash at bank and in hand	3,555,993	8,337,244
	<u>3,555,993</u>	<u>8,337,244</u>

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

19. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £
Bank loans and overdrafts	190,923	337,604
Trade creditors	380,371	928,492
Corporation tax	46,541	781,530
Other taxation and social security	242,862	209,364
Obligations under finance lease and hire purchase contracts	-	3,560
Other creditors	40,174	75,557
Accruals and deferred income	1,151,058	1,206,345
	2,051,929	3,542,452

The following liabilities were secured:

	Group 2022 £	Group 2021 £
Bank loans and overdrafts	190,923	337,604
Obligations under finance lease and hire purchase contracts	-	3,560
	190,923	341,164

Details of security provided:

The above obligations under finance lease and hire purchase contracts and bank loans are secured.

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

20. Creditors: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £
Bank loans	548,680	731,027
	548,680	731,027

The following liabilities were secured:

	Group 2022 £	Group 2021 £
Bank loans	548,680	731,027
	548,680	731,027

Details of security provided:

The above obligations under finance lease and hire purchase contracts and bank loans are secured.

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

21. Loans

Analysis of the maturity of loans is given below:

	Group 2022 £	Group 2021 £
Amounts falling due within one year		
Bank loans	190,923	337,604
	<u>190,923</u>	<u>337,604</u>
Amounts falling due 1-2 years		
Bank loans	102,187	176,614
	<u>102,187</u>	<u>176,614</u>
Amounts falling due 2-5 years		
Bank loans	252,040	280,226
	<u>252,040</u>	<u>280,226</u>
Amounts falling due after more than 5 years		
Bank loans	194,453	274,187
	<u>194,453</u>	<u>274,187</u>
	<u>739,603</u>	<u>1,068,631</u>

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

22. Deferred taxation

Group

	2022 £	2021 £
At beginning of year	125,577	149,107
Charged to profit or loss	(24,086)	41,865
Utilised in year	(9,777)	(65,395)
At end of year	91,714	125,577

The provision for deferred taxation is made up as follows:

	Group 2022 £	Group 2021 £
Accelerated capital allowances	91,714	125,577
	91,714	125,577

23. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
200 (2021 - 200) Ordinary shares of £1.00 each	200	200

The shares carry rights of one vote per share and have no restriction on the distribution of dividends and the repayment of capital.

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £146,696 (2021 - £141,024). Contributions totalling £29,727 (2021 - £29,259) were payable to the fund at the reporting date and are included in creditors.

BROUGHTON VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

25. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	175,090	501,272
Later than 1 year and not later than 5 years	160,000	336,956
	<u>335,090</u>	<u>838,228</u>

26. Transactions with directors

Included within other debtors, amounts falling due within one year, is an amount of £24,873 (2021 - £25,299) due from Dr P Moran. The amount is interest free and repayable on demand.

27. Controlling party

Broughton Ventures Limited is under the control of Dr P Moran who is interested in 100% of the issued share capital.