

REGISTERED NUMBER: 05840032 (England and Wales)

Directors' Report and  
Unaudited Financial Statements for the Year Ended 31 December 2022  
for  
Instem Clinical Holdings Limited

THURSDAY



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# **Instem Clinical Holdings Limited**

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# **Instem Clinical Holdings Limited**

## **Company Information**

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### **DIRECTORS**

N J Goldsmith  
P J Reason  
D M Sherwin

### **SECRETARY**

Oakwood Corporate Secretary Limited

### **REGISTERED NUMBER**

05840032 (England and Wales)

### **REGISTERED OFFICE**

Diamond Way  
Stone Business Park  
Stone  
Staffordshire  
ST15 0SD

### **BANKER**

HSBC UK Bank Plc  
9th Floor, Liver Building  
Pier Head  
Liverpool L3 1JH

# **Instem Clinical Holdings Limited**

## **Directors' Report**

For the year ended 31 December 2022

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The directors present their report with the financial statements of Instem Clinical Holdings Limited (the "Company") for the year ended 31 December 2022.

### **PRINCIPAL ACTIVITIES**

The Company is part of the Instem plc group (the 'Group'), which is a leading supplier of IT applications to the life sciences healthcare market, delivering compelling solutions for data collection, management and analysis across the R&D continuum. The principal activity of the Company is that of an intermediate holding company.

### **REVIEW OF THE BUSINESS**

During the year the Company made a loss of £26,000 (2021: 9,000).

### **DIVIDENDS**

The directors do not recommend the payment of a dividend (2021: £nil).

### **POLITICAL DONATIONS**

The Company made no political donations in 2022 or 2021.

### **DIRECTORS' RESPONSIBILITY UNDER GREEN HOUSE GAS EMISSIONS AND ENERGY CONSUMPTION**

The Company has reviewed the requirements of the Environmental Reporting guidelines. The Company does not qualify as a large Company and therefore exempt from preparation of an Energy and Carbon Report.

### **STATEMENT ON ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE COMPANY**

The directors acknowledge the importance of forming and retaining a constructive relationship with all stakeholder groups. Effective engagement with stakeholders enables the Board to ensure stakeholder interests are considered when making decisions and is crucial for achieving the long-term success of the Company.

### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

N J Goldsmith  
P J Reason  
D M Sherwin

### **INDEMNITY OF DIRECTORS**

Under the Company's Articles of Association and subject to the provisions of the Companies Act, the Company may and has indemnified all directors and other officers against liability incurred in the execution or discharge of their duties or the exercise of their powers, including but not limited to any liability for the costs of any legal proceedings. The Group has purchased and maintains appropriate insurance cover against legal action brought against directors or officers.

### **GOING CONCERN**

The Directors have assessed the Group's financial position and liquidity at the end of the reporting period and for the forecast period up to 31 December 2024. The going concern period covered the 14 months from the date of signing the Group's financial statements. For the going concern assessment please refer to page 11.

### **SECTION 479A OF THE COMPANIES ACT 2006**

The Company has taken advantage of the exemption from audit of the financial statements under Section 479A of the Companies Act 2006. The Company's results are included in the audited, consolidated accounts of the parent company, Instem plc.

# Instem Clinical Holdings Limited

Directors' Report

For the year ended 31 December 2022


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## SUBSEQUENT EVENTS

Events occurring after the balance sheet date have been disclosed in accordance with IAS 10, 'Events after the reporting period'. Details are provided in note 12 to the Financial Statements.

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

By order of the board



**N J Goldsmith**

Director

23 October 2023

# **Instem Clinical Holdings Limited**

## **Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards.

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 and 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-adopted international accounting standards 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 and the Directors' Remuneration report 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.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

# Instem Clinical Holdings Limited

Statement of Comprehensive Income  
For the year ended 31 December 2022

	Notes	2022 £000	2021 £000
<b>REVENUE</b>		-	-
Other operating expenses		(2)	(2)
<b>OPERATING LOSS</b>		(2)	(2)
Interest payable and similar expenses	4	(24)	(7)
<b>LOSS BEFORE TAXATION</b>		(26)	(9)
Taxation	5	-	-
<b>LOSS FOR THE YEAR</b>		(26)	(9)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		(26)	(9)

The notes on pages 9 to 19 form part of these financial statements.

# Instem Clinical Holdings Limited

## Statement of Financial Position

As at 31 December 2022

		2022		2021	
	Notes	£000	£000	£000	£000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments	6	1		1	
<b>TOTAL NON-CURRENT ASSETS</b>			1		1
<b>CURRENT ASSETS</b>					
Trade and other receivables	7	252		252	
<b>TOTAL CURRENT ASSETS</b>			252		252
<b>TOTAL ASSETS</b>			253		253
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	8	180		199	
<b>TOTAL CURRENT LIABILITIES</b>			180		199
<b>NON-CURRENT LIABILITIES</b>					
Financial liabilities	9	82		37	
<b>TOTAL NON-CURRENT LIABILITIES</b>			82		37
<b>TOTAL LIABILITIES</b>			262		236
<b>EQUITY</b>					
Share capital	10	15		15	
Share premium		86		86	
Retained earnings		(110)		(84)	
<b>TOTAL EQUITY</b>			(9)		17
<b>TOTAL EQUITY AND LIABILITIES</b>			253		253

Company Registration No. 05840032

The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2022.

The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The notes on pages 9 to 19 form part of these financial statements.



# **Instem Clinical Holdings Limited**

## **Statement of Financial Position**

**As at 31 December 2022**

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The directors acknowledge their responsibilities for:

- (a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

The financial statements on pages 5 to 19 were approved by the board of directors and authorised for issue on 23 October 2023 and are signed on its behalf by:



**N J Goldsmith**  
Director

Company Registration No. 05840032

The notes on pages 9 to 19 form part of these financial statements.

## Instem Clinical Holdings Limited

### Statement of Changes in Equity

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	Share capital £000	Share premium £000	Retained earnings £000	Total £000
<b>Balance as at 1 January 2021</b>	15	86	(75)	26
Loss for the financial year	-	-	(9)	(9)
<b>Balance as at 31 December 2021</b>	15	86	(84)	17
Loss for the financial year	-	-	(26)	(26)
<b>Balance as at 31 December 2022</b>	15	86	(110)	(9)

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The notes on pages 9 to 19 form part of these financial statements.

# Instem Clinical Holdings Limited

## Notes to the Financial Statements

For the year ended 31 December 2022

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### 1. STATUTORY INFORMATION

Instem Clinical Holdings Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The principal activity and nature of operations of the Company is that of an intermediate holding company.

The address of the Company's registered office is Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD, UK.

### 2. ACCOUNTING POLICIES

#### STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

#### BASIS OF PREPARATION

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC).

These financial statements of Instem Clinical Holdings Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). This framework is issued by the FRC incorporating The Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

The financial statements have been prepared on a going concern basis and prepared on the historical cost basis. Further details are contained in the Going Concern section of the Accounting Policies.

These financial statements present information about the Company as an individual undertaking and not about its group as the Company has taken advantage of the exemption provided by s400 of the Companies Act 2006 not to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Instem plc, a company incorporated in the England and Wales.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards) but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The Company has taken advantage of the exemption from audit of the financial statements under Section 479A of the Companies Act 2006. The Company's results are included in the parent company's consolidated accounts.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

# Instem Clinical Holdings Limited

Notes to the Financial Statements

For the year ended 31 December 2022

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## 2. ACCOUNTING POLICIES - continued

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- 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(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

### ADOPTION OF IFRS

The Company financial statements have been prepared in accordance with IFRS, IAS and International Financial Reporting Interpretations Committee (IFRICs) effective as at 31 December 2022. The Group and Company have chosen not to adopt any amendments or revised standards early.

### IFRSs ADOPTED IN THE YEAR

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB which are all effective from 1 January 2022. The most significant of these are as follows:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- COVID-19 – Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements (2018-2020 Cycle):
  - Subsidiary as a First-time Adopter (Amendments to IFRS 1)
  - Fees in the ‘10 per cent’ Test for Derecognition of Liabilities (Amendments to IFRS 9)
  - Lease Incentives (Amendments to IFRS 16)
  - Taxation in Fair Value Measurements (Amendments to IAS 41).

Those standards, amendments to standards, and interpretations have been adopted and did not have a material impact on the accounting policies of the Company.

# Instem Clinical Holdings Limited

Notes to the Financial Statements  
For the year ended 31 December 2022

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## 2. ACCOUNTING POLICIES – continued

### IFRSs ISSUED BUT NOT YET EFFECTIVE

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2023:

- IFRS 17 'Insurance Contracts'
- Amendments to IFRS 17 'Insurance Contracts' (Amendments to IFRS 17 and IFRS 4)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### GOING CONCERN

The Company's assessment for going concern relies on the financial position of Instem plc (Group). A letter of support was provided by Instem plc such that, if the Company found itself in a difficult financial position, the Group would become responsible for the going concern of the subsidiary.

#### *Background*

The Directors have adopted the going concern basis in preparing these financial statements after careful assessment of identified principal risks and the possible adverse impact on financial performance. The Directors have assessed the financial position and liquidity at the end of the reporting period and for the forecast period up to 31 December 2024, including sensitivity analysis. The going concern period covers the 14 months from the date of signing the financial statements. The process and key judgments in coming to this conclusion are set out below.

#### *Current trading and liquidity*

The Group's trading performance for the year ended 31 December 2022 has been strong with Revenues of £58.9m and Adjusted EBITDA of £10.9m. For this measure of earnings, the margin as a percentage of revenue increased in the period to 18.4% compared with 17.9% in 2021. The Group managed to increase its revenue in line with the salary inflation through sales price increases.

The Group signed a new financing arrangement on 8 April 2022, which consists of a committed facility of £10.0m with HSBC UK Bank plc to support the Group's working capital needs and its acquisition strategy, which can be extended up to £20.0m if needed, subject to further bank approval. The financial covenants have been considered in the forecast to ensure compliance.

#### *Sensitivity Analysis*

The Company has considered two scenarios the (a) Base Case Scenario and (b) Sensitised Scenario which are also linked to the company's risks when modelling the forecast results and cash flow.

The uncertainty as to the future impact on the Group of the current inflation outlook has been considered as well as negative impact of foreign exchange movements, particularly between USD and GBP. Thus far we have not observed any material impact on our overall existing business or in the level of new business opportunities that are being presented to us in the markets in which we operate.

# Instem Clinical Holdings Limited

Notes to the Financial Statements

For the year ended 31 December 2022

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## 2. ACCOUNTING POLICIES – continued

### *Conclusion and Going Concern Statement*

After considering the uncertainties described above, the directors have a reasonable expectation that the Group and consequently the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing Instem Clinical Holdings Limited annual report and accounts.

### **INTEREST RECEIVABLE AND SIMILAR INCOME**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Finance income includes exchange gains (including exchange gains on the translation of intra-group funding balances).

### **INTEREST PAYABLE AND SIMILAR EXPENSES**

Net finance costs include interest payable, arrangement and service fees, exchange losses (including exchange losses on the translation of inter-company funding balances), unwinding discount from future deferred consideration payments, finance charges on leases and net interest on pension scheme liabilities. Interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

### **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.

### **FINANCIAL INSTRUMENTS**

The Company complies with IFRS 9 Financial Instruments. IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. IFRS 9 requires an entity to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument and requires entities to recognise expected credit losses for all financial assets held at amortised cost, including most intercompany loans from the perspective of the lender.

### **OPERATING PROFIT AND LOSS BEFORE INTEREST RECEIVABLE AND PAYABLE**

Operating profit and loss before interest receivable and payable is profit and losses arising from the Company's normal trading activities, after charges for depreciation of tangible and right of use assets and amortisation of intangibles.

# Instem Clinical Holdings Limited

Notes to the Financial Statements

For the year ended 31 December 2022

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## 2. ACCOUNTING POLICIES - continued

### TAXATION

Taxation expense includes the amount of current income tax payable and the charge for the year in respect of deferred taxation.

The income tax payable is based on an estimation of the amount due on the taxable profit for the year. Taxable profit is different from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expenditure which are not taxable or deductible in the year as a result of either the nature of the item or the fact that it is taxable or deductible in another year. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Income tax credits for research and development activities are recognised on a cash basis or when their receipt is reasonably certain.

Deferred tax is accounted for on the basis of temporary differences arising from the differences between the tax base and accounting base of assets and liabilities.

Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or liability in a transaction that is not a business combination. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case it is dealt with within equity. It is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

### FINANCIAL INSTRUMENTS

#### *Financial assets*

The Company classifies its financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### *Financial assets at amortised cost*

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets 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 are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost, less provision for impairment.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

#### *Trade debtors*

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer) they are classified as current assets, if not, they are presented as non-current assets.

# Instem Clinical Holdings Limited

## Notes to the Financial Statements

For the year ended 31 December 2022

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### 2. ACCOUNTING POLICIES - continued

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 5 years before 31 December 2022 (2021: 31 December 2021) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

At each reporting date management assesses whether any events have occurred which have had a detrimental effect on the estimated future cash flows of the asset causing a financial asset to become credit-impaired. If the credit risk is significant a provision is posted based on the recoverable amount the Company is expected to receive per management's assessment. Specific provisions of this nature are excluded from the simplified credit loss calculation using the provision matrix.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and cash deposits which are readily convertible to a known amount of cash. Cash and cash equivalents in the statement of financial position include bank overdrafts. An offset position is reported as the Company has a legal right to set off and any settlement would be on a net basis. For the purposes of the cash flow statement, cash and cash equivalents include bank overdrafts which are repayable on demand and are an integral part of Company cash management.

#### *Investments*

Investments in subsidiaries are recorded at cost in the statement of financial position. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in the statement of comprehensive income in the period they occur.

#### *Intercompany receivables*

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. The amount of any provision is recognised in the income statement within other operating expense.

#### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Trade and other payables*

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost.



# Instem Clinical Holdings Limited

## Notes to the Financial Statements

For the year ended 31 December 2022

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### 2. ACCOUNTING POLICIES - continued

#### *Ordinary share capital*

For ordinary share capital, the par value is recognised in share capital and the premium in the share premium reserve.

#### **RETAINED EARNINGS**

The retained earnings reserve includes the accumulated profits and losses arising from the 'Statement of Comprehensive Income' and certain items from 'Other Comprehensive Income' attributable to equity shareholders net of distributions to shareholders.

#### **SIGNIFICANT JUDGEMENTS AND ESTIMATES**

There are no significant judgements and estimates in respect of the Company's financial statements.

### 3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2022 nor for the year ended 31 December 2021.

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

	2022 Number	2021 Number
Directors	3	3

The directors of the Company were remunerated in other companies within the Instem group during the year ended 31 December 2022 and 31 December 2021. There are no directors accruing pension benefits as at 31 December 2022 (2021: nil).

### 4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £000	2021 £000
Dividend on preference shares	5	5
Foreign exchange losses	19	2
	<u>24</u>	<u>7</u>

# Instem Clinical Holdings Limited

## Notes to the Financial Statements

For the year ended 31 December 2022

### 5. TAXATION

	2022 £000	2021 £000
Income taxes recognised in profit or loss		
Current tax:		
UK corporation tax on loss of the year	-	-
Total current tax	-	-
Deferred tax:		
Current year charge	-	-
Total deferred tax	-	-
Total income charge recognised in the current year	-	-

	2022 £000	2021 £000
The income tax credit can be reconciled to the accounting profit as follows:		
Loss before tax	(26)	(9)
Loss multiplied by standard rate of corporation tax in the UK 19.0% (2021: 19.0%)	5	2
Effects of:		
Group loss relief	(5)	(2)
Total income tax charge recognised in statement of comprehensive income	-	-

The UK corporation tax is calculated at the prevailing rate of 19%. Foreign tax liabilities are calculated at the prevailing tax rates applying in the overseas tax jurisdictions.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had been substantively enacted at the balance sheet date, its effects are included in these financial statements as a change from 19% to 25% on deferred tax.

# Instem Clinical Holdings Limited

Notes to the Financial Statements

For the year ended 31 December 2022

## 6. INVESTMENTS

Shares in  
subsidiary  
undertakings  
£000

*Cost and Net book value*

At beginning and end of year

1

The Company holds, directly or indirectly, more than 20% of the equity (and no other share or loan capital) of the following undertakings:

Company	Registered address	Activity	Ownership
<b>Instem Clinical Limited</b> (company number 06959053) England and Wales	Diamond Way Stone Business Park Stone, Staffordshire ST15 0SD	Provision of electronic data capture and clinical management solutions to the pharmaceutical industry	100% by Instem Clinical Holdings Limited
<b>Instem Clinical Inc</b> USA	Suite 1550 161 Washington Street 8 Tower Bridge Conshohocken PA 19428	Provision of electronic data capture and clinical management solutions to the pharmaceutical industry	100% by Instem Clinical Holdings Limited

The company received £nil dividends during the year (2021: £nil).

# Instem Clinical Holdings Limited

Notes to the Financial Statements  
For the year ended 31 December 2022

## 7. TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Amounts owed by group undertakings	252	252

Trade receivables of £nil (2021: £nil) fall due after more than one year.

### *Impairment of group receivables*

The Company assesses the expected credit loss in respect of group receivables based on their ability to repay and recover the balance. In the absence of agreed terms this consideration is given over the expected period of repayment and any expected credit loss. The Company is required to calculate expected credit losses on all financial assets, including intercompany receivables within the scope of IFRS 9, 'Financial Instruments'. Intercompany positions are eliminated in the Group consolidated financial statements. At the period end an allowance has been made for credit impairment of group receivables of £nil (2021: £nil).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## 8. TRADE AND OTHER PAYABLES

	2022 £000	2021 £000
Amounts owed to group undertakings	180	199

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are and repayable on demand.

The reduction in the amounts owed is due to the reclassification of preference dividend expense from short term liability to long-term liability and the effect of movement in exchange rate.

## 9. FINANCIAL LIABILITIES

	2022 £000	2021 £000
Preference shares classified as financial liabilities	82	37

# Instem Clinical Holdings Limited

## Notes to the Financial Statements

For the year ended 31 December 2022

### 10. SHARE CAPITAL

	2022 £000	2021 £000
<i>Allotted, called-up and fully paid:</i>		
200,000 Ordinary A shares of £0.01 each	2	2
50,000 Preference B shares of £1 each	50	50
	<u>52</u>	<u>52</u>
Split:		
200,000 Ordinary A shares of £0.01 each	2	2
12,963 Preference B shares of £1 each	13	13
	<u>15</u>	<u>15</u>
Shares classified as non-current financial liabilities		
37,037 Preference B shares of £1 each	<u>37</u>	<u>37</u>

Dividends are payable on the irredeemable preference B shares half-yearly if the Company has distributable profits. On winding up they rank ahead only of the ordinary shares and will be repaid at par.

### 11. ULTIMATE PARENT COMPANY

The ultimate and immediate parent company is Instem plc, a company incorporated and registered in England and Wales.

Instem plc is the smallest and largest group in which the results of the Company are consolidated. The consolidated financial statements of this company may be obtained from Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD, UK or at [www.instem.com](http://www.instem.com).

### 12. SUBSEQUENT EVENTS

No adjusting events have occurred between the 31 December 2022 reporting date and the date of approval of these financial statements.