Company Registration No. 06475379 (England and Wales)

Abingdon Health PLC

Annual Report and Financial Statements

For the Year Ended 30 June 2022

Abingdon Health PLC

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Company Information

Directors	Dr Chris Hand	Non-executive Chairman
	Mrs Mary Tavener	Non-executive Director
	Mr Chris Yates	Chief Executive Officer
	Mrs Melanie Ross	Chief Financial Officer
	Mr Lyn Rees*	Non-executive Director
	*resigned 30 September 2022	
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Independent Auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL	
Solicitors	Bristows LLP 100 Victoria Embankment London EC4Y 0DH	
Financial PR	Walbrook PR Ltd 75 King William Street London EC4N 7BE	
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP	
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Company number	06475379	

Chairman & CEO Joint Statement

Following a two-year period, where COVID-19 was the primary focus of the lateral flow industry, we are now seeing growth in the market across a broad range of other (non-COVID-19) applications, driven by reduced barriers to adoption for the technology. In this new environment, the Board has confidence that Abingdon Health's knowledge leadership position in the lateral flow industry and the development and manufacturing platform we have built will begin to yield positive momentum and revenue growth. Our key objective is to move the Company to positive cash flow.

This financial year was dominated by the continued impact of COVID-19 on the lateral flow industry. There was limited non-COVID-19 development activity in financial years 2021 and 2022 as most industry participants focused on developing and manufacturing COVID-19 tests. Whilst we participated in providing COVID-19 solutions through our commercial contracts with, *inter alia*, Avacta, Vatic and BioSure; none of these activities yielded material revenue traction beyond the successful transfer of all three products to manufacture (technical transfer). We had previously developed and manufactured 1 million COVID-19 antibody tests for the Department of Health and Social Care (DHSC) in FY2021. With COVID-19 strategies across the globe, China-aside, transitioning towards treating COVID-19 as a seasonal disease, such as flu, we are seeing a significant increase in engagement on non-COVID-19 testing projects and believe that our expertise in the lateral flow industry and the development and manufacturing platform we have built will drive positive momentum and revenue growth.

Abingdon Health PLC

Strategic Report

Strategy

Our mission at Abingdon is to improve life by making rapid results accessible to all. We achieve this by supporting our customers in developing and manufacturing lateral flow tests across a range of sectors including human health, such as infectious disease testing, animal health, plant pathogen and environmental testing.

COVID-19 had a significant impact on lateral flow testing; initially through widespread adoption of lateral flow testing across many countries, including the UK. This has reduced the "barriers to adoption" as many people are now extremely familiar with lateral flow testing and "doing a lateral flow test" is now part of the vernacular. There is increasing acceptance that lateral flow testing is a viable, cost-effective alternative or complement to laboratory testing. We strongly believe that this will drive the increased adoption of lateral flow testing across a broad range of applications and sectors.

As a well-established knowledge leader within the area of lateral flow testing, we are focused on providing a broad contract development and manufacturing organisation ("CDMO") service to an international customer base. We believe the CDMO business model, well-established in the pharmaceutical industry, has direct application to the medical diagnostics market and we offer our customers a turn-key full-service offering in lateral flow which includes research, development, scale-up, technical transfer, manufacturing, regulatory approval, supply chain management, and commercial support. Our long-term strategic objective is to become the leading full-service CDMO in the lateral flow market.

In addition to our contract service business, we will continue to consider options to develop, manufacture and commercialise, our own products. We believe that COVID-19 is a catalyst for the expansion of self-testing across a range of other clinical areas. However, as set out below in the current economic environment our focus is on driving our revenues, managing our costs and reaching a cashflow positive position as quickly as possible. Therefore, we will focus most of our team's efforts on driving CDMO revenues for now rather than on significant internal product development. During 2022 we have built an ecommerce self-test site; www.abingdonsimplytest.com; launched in July 2022 which markets a range of Abingdon Simply Test branded products and other branded self-test products. We currently have a range of 14 products on this newly launched site and we will continue to grow this in a managed way. www.abingdonsimplytest.com also provides the opportunity for our contract service customers to market their products.

We strongly believe that we are at the start of a paradigm-shift in the use and application of rapid testing across a wide range of applications and that Abingdon Health is well positioned to support customers in bringing new, innovative products to market across a range of sectors.

Performance in year

Revenue for the full year was £2.8m (2021: £11.6m). In 2021 the financials were impacted significantly by revenue of £5.2m from the Department for Health & Social Care ("DHSC") and a one-off order for our nucleic acid lateral flow immunoassay called PCRD. 2022 was a transition year as we moved the business away from its focus on supporting COVID-19 solutions towards a normalised business model where we operate as a CDMO offering our services to customers across a wide range of sectors. We expect to see the benefits of this transition in FY2023 and beyond, supported by the forecast growth in the lateral flow market, which is expected to grow to $13.4 billion by 2028, at a cumulative average growth rate of 4.7% per annum (Source: Lateral Flow Assays Market Size & Growth Analysis By 2030 (alliedmarketresearch.com)).

2022 activity was dominated by COVID-19 business with three key technical transfers, Avacta, Vatic and BioSure, all of which were successfully transferred into manufacturing, which was a real credit to the hard work and diligence of the Abingdon team, but ultimately were not successfully commercialised by our customers nor, therefore, for Abingdon. The anticipated manufacturing volumes from these three products did not materialise and were a key reason for the disappointing revenue performance in the financial year. During the second half of 2022 we started to rebuild our customer pipeline focusing on opportunities outside of COVID-19 as we started to see, firstly, COVID-19 strategies across many countries move towards treating it as a seasonal illness and secondly many of our prospective customers move their product development strategies away from COVID-19 and towards more normalised activities.

Current Activity and Pipeline

We have seen an encouraging uplift in contract development opportunities across a range of areas and we are expanding our contract development team to support this increase in activity. We believe our knowledge leadership position and our integrated service offering is resonating with prospective customers who range from small, innovative start-ups to some of the largest global healthcare companies. We believe contract development will become a significant driver of revenue growth in the short-term and beyond, and will also drive increased opportunities for technical transfer and manufacturing over time.

Technical transfer is the process of optimising and scaling up the production processes of a developed assay for manufacture and the production of three batches to allow validation and verification of assay performance. We currently have two active technical transfers that should be complete in H1 2023. We stopped one transfer due to the instability of the product's manufacturing process (due to issues with the functioning of assay as provided to us by our customer) but we remain in contact with the customer to see what additional support we can provide. We have a number of additional transfer opportunities within our pipeline which we are looking to bring in during the remainder of calendar year 2022 and in 2023.

We have continued during 2022 to manufacture lateral flow tests for customers across human health, animal health, plant health and environmental testing. A key objective is to grow our manufacturing base through successful transition of tests into manufacture and importantly these will build "annuity income" to underpin future revenues.

Team

During the financial year we reduced our average staff numbers from 151 to 130, which sadly meant that a number of valued colleagues were made redundant. The reason for the reduction was the transition away from COVID-19 activity and the impact of the delayed payment from DHSC. We continued to right-size the business post FY22 year-end as manufacturing did not proceed from the three COVID-19 projects as described above. This was despite successful technical transfer of all three products. As at 31st October 2022 there were 71 employees within Abingdon.

We would like to thank all of the Abingdon team, both current and past, for their hard work and support during an extremely challenging period. The Board have been impressed by this unwavering commitment to supporting our customers and providing a first-class contract service despite the distractions.

Cost Restructuring

As noted above we right-sized the business during the financial year and post-year-end.

This involved a significant reduction in headcount as well as a reduction in operational footprint and discretionary expenditure. In 2020 and 2021 the Group had been built to service the significant volume opportunities arising from COVID-19 testing. However, these didn't materialise for various reasons and given the uncertainty around the ongoing requirement for high volume COVID-19 testing it was necessary to reduce the cost-base of the business to match more closely the commercial activity. The key focus of the management team remains reducing the Group's cash burn and driving the Company into positive cashflow. Based on the Group's forecasts we believe that we have the financial resources in place to reach this target.

As part of this restructuring we have limited our expenditure on new product development. We have paused both the Flu and Hepatitis C projects and have focused on completing the proof of concept of the Lyme disease test. We remain enthusiastic about the commercial opportunities for self-testing but are cognisant of the financial investment needed in, for example clinical trials and regulatory costs, to bring these products to market. Therefore, we believe it is sensible to limit the expenditure in these areas for now and focus the team's efforts of driving CDMO revenues with the aim of positive cashflow.

Intellectual Property

The Company continues to protect its intellectual property position and in the area of lateral flow device readers, particularly the Company's AppDx® smartphone reader, has continued to file UK and international patents. During the financial year to June 2022 a patent was granted relating to AppDx®. Other patent applications continue including one relating to a time-resolved fluorescence reader which has been given a notice of grant for December 2022 and another ongoing application relating to blood self-test apparatus.

Governance and People

Mary Tavener was appointed senior-independent non-executive director in November 2020 prior to listing on AIM. Abingdon's other non-executive director is Dr Chris Hand who is a co-founder of Abingdon and non-executive chairman.

Lyn Rees (independent non-executive director) resigned as non-executive director of the Company effective 30 September 2022 to focus on his responsibilities outside of the Company. We would like to place on record our thanks and appreciation to Lyn for his support and valued advice over the past three years.

Our Audit Committee and Remuneration Committee currently comprises Mary Tavener (Chair) with Chris Hand (non-executive chairman) and the executive directors Chris Yates and Melanie Ross invited to attend as required from time-to-time. The Board has concluded that at this time the Group does not currently require a Nominations Committee but will review this assessment on a regular basis including discussing the matter with its Nominated Advisor.

Scott Page, Company Secretary and Finance Director, left Abingdon Health in July 2022. The Board would like to place on record their thanks to Scott for his hard work and contribution over the past three years and wish him well for the future. Melanie Ross, Chief Financial Officer, has taken over Company Secretary responsibilities.

The Board remains focused on ensuring its own effectiveness and that of the governance processes throughout the Group, and that these governance structures remain fit for purpose as the Group develops and grows over time. Mary Tavener is Abingdon's only independent non-executive director and, as such, the Board's current composition does not comply with the requirements for a minimum of two independent non-executive directors under the QCA Corporate Governance Code, being the corporate governance code that the Company has chosen to apply. The Board believes, however, that its current composition is appropriate for the current size of the business and will continue to review its structure periodically as the needs of the business change.

DHSC Dispute

We were pleased that in June 2022 we were able to reach a settlement in relation to the dispute with the Department of Health and Social Care ("DHSC"). The dispute resolution process arose due to the lack of payment by DHSC for goods and services provided by Abingdon.

It is disappointing that we, alongside many other UK diagnostic companies, have had to spend time and money recovering monies owed despite responding to a "call to arms" by the UK Government. The Group believed at all times that there were no legal grounds as to why these monies were not being paid in full by DHSC but the reality was that it was important to reach a settlement with a counter-party that effectively had unlimited time and financial resources at its disposal to prolong the dispute. Given the UK Government's initial aim at the start of the pandemic was to build a British diagnostics industry their behaviours have been quite the opposite, both in terms of how they have dealt with established UK businesses and their preference to order significant quantities of tests, through recently established intermediaries, predominantly from Chinese companies.

The settlement agreement was in full and final settlement of the outstanding debt of £8.9m (excluding interest) and comprised:

i) A contractually required cash payment of £6.3m from DHSC to Abingdon, which was paid as required to the Company on or before 22 July 2022;
ii) £1.5m of this cash payment was held under charge until the outcome of a judicial review brought by the Good Law Project Limited in challenge to the Secretary of State for Health and Social Care, was known; this payment was subsequently released in full to Abingdon;
iii) transfer to the Company of ownership of the outstanding component stock that it had procured on behalf of DHSC in 2020/21;
iv) joint-ownership, alongside DHSC, of the intellectual property of the AbC-19™ COVID-19 antibody test; and
v) a lower royalty payable to DHSC on sales of the AbC-19™ COVID-19 antibody test, with this royalty time limited to one year from the date of the settlement agreement.

The settlement of the DHSC dispute has led to an overall exceptional write-off of £1.6m in the 2022 financial accounts. This included legal costs of £0.2m in 2022 and £1.4m in total in relation to writing off the outstanding balances relating to the DHSC dispute. This is further broken down in note 16 to the accounts.

Judicial Review Process

In October 2022 Mr Justice Waksman issued his judgment in relation to the Judicial Review proceedings initiated by the Good Law Project Limited ("GLP") against the Secretary of State for Health and Social Care in which Abingdon was an interested party. Mr Justice Waksman ruled in favour of DHSC on all grounds, including lack of state aid to Abingdon and dismissed all claims brought by the GLP. GLP did not appeal the judgement.

Whilst we were pleased with the outcome, the impact that this has had on Abingdon and its employees since late-2020 should not be underestimated. Throughout the process the

GLP made a number of disparaging statements and unsubstantiated assertions about Abingdon that have yet to be corrected, despite attempts being made by Abingdon through its advisors inviting GLP to do so.

Abingdon fully supports both openness and accountability relating to the award of public contracts; however, this particular case brought by the GLP was comprehensively dismissed on all grounds. Despite the Company's best efforts to cooperate and demonstrate to the GLP that there was no bias or assistance in these contracts being awarded, and to illustrate the impressive credentials and experience of the Company and its employees in lateral flow test development and manufacture, in the Board's opinion, the proceedings continued long after they could have been halted. This is particularly the case in view of the material facts made available to GLP by Abingdon well over a year before judgment with a view to informing the GLP of the factual background.

Abingdon incurred exceptional legal costs in 2022 of £0.2m, and in total £0.3m in relation to the judicial review.

Outlook & Funding

Having raised £6.5m via a successful placing and oversubscribed open offer in December 2021, the Company has no current requirement for additional funding. Cash at the end of the financial year was £2.4m and as of the end of October 2022 was £4.4m. We believe we have sufficient cash resources to fund progress beyond 12 months from the signing date of the accounts, with our priority being to move the Company to a positive cashflow position.

Our strategic focus is on growing our CDMO business particularly in non-COVID-19 markets in human health, animal health, plant pathogen and environmental testing; particularly given the COVID-19 market outlook remains uncertain and volatile and appears to be moving towards a seasonal infectious disease in a similar manner to flu.

We are seeing our CDMO customer base expand and we are encouraged by the growth in the range of potential opportunities. Our key priorities are to grow our revenues and alongside this, given the economically uncertain outlook, reduce our cash-burn through continued close cost management. To this end we will focus our team's activities on CDMO business and near-term revenues with own-product development being given less priority until we are closer to break-even.

The lateral flow testing market is forecast to strongly grow for the next decade and Abingdon as a knowledge leader in the sector with a well-established track record of bringing products from "idea to market" is well-placed to support a broad range of customers. We believe our full-service contract service proposition strongly resonates with customers and we look forward to building our business after an extremely challenging two years during where COVID-19 dominated our industry.

We would like to thank all our employees for their hard work, dedication and commitment during the past year despite the challenges we have faced in an uncertain economic climate. We are confident with our contract services customer base and our current growing pipeline means we are well positioned to grow our business and deliver shareholder value going forward. We would like to thank shareholders for their support.

Stakeholder Engagement

The Board of Directors of the Abingdon group of companies (the "Group") considers that, individually and collectively, it has acted in the way which in good faith would be most likely to promote the success of the Group for the benefit of its stakeholders, employees, customers, suppliers, local government and communities in accordance with the stakeholder and matters noted in S172(1)(a-f) of the Act in the decisions taken during the year reported on, having regard to:

- The likely consequences of any decision in the long term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The need to regularly communicate with our shareholders;
- The impact of the Group's operations on the community and the environment;
- The desirability of the Group in maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Group.

The Board looked to promote the success of the Group, having regard to the long term, whilst considering the interests of all stakeholders. Our strategy is designed to secure the long-term financial viability of the Group to the benefit of its members and all stakeholders. A main feature of this is to continue to operate the business within tight budgetary controls and in line with regulatory requirements. During the year this was done by reference to:

- our continued and ongoing communication with our employees;
- our continued and ongoing communication with our shareholders;
- our continued priority for health and safety improvement measured through ongoing risk assessments;
- the approval of our strategic objectives ('our strategy') for the Group; and
- the business plan for the next financial year ('our plan').

Stakeholder interests are considered by the Board through a combination of methods.

Shareholders

We communicate with our shareholders through planned investor relation activities, Regulatory News Service ("RNS") announcements and the publication of our annual and half year reports. Through this we ensure our shareholders are provided with insight into the Group strategy and how we create value that will generate strong and sustainable results. We also engage with shareholders through the AGM, one on one investor meetings and discussions with shareholders where appropriate. The Board were mindful to inform shareholders of the progress of both the DHSC dispute and the GLP legal case throughout.

Customers

Our customers are central to the strategic goals of the Group, and we strive to deliver products that meet not only their specific needs, but the highest applicable regulatory standards. We engage regularly with our customer base and conduct annual customer experience surveys, taking action where appropriate. We also meet our customers' needs by maintaining facilities that are compliant to appropriate quality and regulatory standards and have dual site capability as part of our disaster recovery planning.

Employees

We appreciate the value of diversity within our employee base and recognise that the skills and knowledge of our employees is a key part of creating value within the organisation. We strive to create a friendly and open culture within the Group, holding regular all-staff calls led by either the CEO, CFO or COO and encourage career progression within the Group.

The Group conducts an annual employee feedback survey, the results of which are reported to the Board and fed back to the employees along with any resulting actions. The Group has also encouraged the creation of an Employee Forum to more directly communicate both employee thoughts, considerations and needs to the senior management.

Open door sessions have also been conducted during the year to ensure open communication regarding matters such as health and safety and COVID-19 concerns.

The business had hopes that the changes made to the people infrastructure during the last fiscal year would see an end to the reduction in our headcount, but unfortunately we reluctantly entered into additional redundancy consultations with employees in roles that were identified 'at risk' during the 2021/22 fiscal year. This process has enabled the business to right size itself for the short- and medium-term opportunities that it predicts most likely to occur, whilst remaining nimble enough to respond to changes in forecasts going forwards. At every stage of the process employees were kept informed and provided with appropriate support.

Operating and Financial Review

Revenue and Margins

In the year revenue fell 76% to £2.8m (2021: £11.6m). Excluding DHSC revenue from the prior year, revenue fell 56%.

Revenue by Geographical Market

Geographical Market	2022 £m	%	2021 £m	%	Growth/ (Decrease)
UK	1.4	50%	6.6	57%	(79)%
USA/Canada	0.2	6%	3.4	29%	(95)%
Europe	1.0	38%	1.5	13%	(31)%
ROW	0.2	6%	0.1	0%	185%
Total	**2.8**	**100%**	**11.6**	**100 %**	**(76)%**

Revenue by Operating Segment

Operating Segment	2022 £m	%	2021 £m	%	Growth/ (Decrease)
Products	0.4	16%	8.3	72%	(95)%
Contract Manufacturing	1.1	40%	1.7	15%	(37)%
Contract Development	1.3	44%	1.6	13%	(14)%
Total	**2.8**	**100%**	**11.6**	**100%**	**(76)%**

Contract Manufacturing (manufacture of products to a defined specification leading to recurring revenues, secured by customer contracts) fell 34% over the period, predominantly due to two customer products and their customer-supplied components requiring additional design activity, leading to a £0.4m year on year reduction in sales. Both products are scheduled to return to production in H2 22/23.

Product sales (own products that are part of our product catalogue that can be ordered via the website or through a network of distributors) reduced to £0.4m in the relevant period. 21/22 sales include DHSC revenue of £5.2m and £2.8m of sales to a customer in the USA of our PCRD product for incorporation into their own device. Excluding these non-repeating customers, like for like sales fell 7%.

Contract Development (R&D activity based on a day rate, developing and scaling up customer products as a fee for service) decreased 21%, It is important to note that whilst revenue for scale up to manufacture would typically be expected to lead to meaningful Contract Manufacturing revenue, three customers in this area subsequently failed to move into manufacture for customer-related reasons.

Operating and Financial Review (continued)

Gross margin in the financial year was (116)%, though this includes provisions for stock write off of £3.7m, mainly relating to Abingdon owned AbC-19™ stock and an increase in provisions for obsolete items. Adjusting for this one-off charge, underlying gross margin was 3%. This direct gross profit margin continued to be impacted by the reduced level of manufacturing output in relation to the labour overhead, carried due the expectation that contracts would transition into contract manufacturing in the early new year. As previously explained, this did not happen and this overhead has since been reduced.

Adjusted EBITDA

The Group uses adjusted EBITDA as this excludes items which can distort comparability as well as being the measure of profit that most accurately reflects the cash generating activities of the Group. The reconciliation of these adjustments is as follows:

	Disclosure Note	Year Ended 30 June 2022 £'000	Year Ended 30 June 2021 £'000
Adjusted EBITDA		**(9,997)**	**(3,256)**
Share based payment expense	**26**	(231)	(1,367)
Impairment charges		(7,192)	
Non-recurring legal and professional fees	**5**	(688)	(257)
Non-recurring employee costs	**7**	(198)	(188)
Listing costs	**5**		(903)
DHSC related costs		(1,585)	
Net Finance costs	**8/9**	(65)	(234)
Statutory EBITDA		**(19,956)**	**(6,205)**
Amortisation	**13**	(121)	(42)
Depreciation	**14**	(1,516)	(707)
Operating Loss		**(21,593)**	**(6,954)**

Adjusted EBITDA loss in the period was £10.0m (2021: loss £3.3m).

Headcount in the Group was an average of 130 (2021: 151) peaking at 133 in the reporting period. Consequently, staff costs overall reduced to £5.3m (2021: £7.4m) reflecting the full year impact of the reduction in heads implemented during the previous year, and the savings associated with the second redundancy programme in the current fiscal year. Exceptional costs of £0.2m were incurred in the year due to this redundancy programme.

Professional costs in the year were £1.5m (2021: £1.9m). This falls to £0.6m when excluding non-recurring costs associated with the fund raise, completed in December 2021, legal costs associated with the DHSC and the GLP challenge and costs incurred in pursuing acquisition opportunities, subsequently aborted. Legal costs within the financial year relating to the contractual dispute with the DHSC totalled £0.2m, and the costs associated with the GLP legal case were £0.3m.

Obsolescence provisions totalling £3.7m have been made in the period. These predominantly fall into two categories, being those non AbC-19™ raw materials (£1.0m) that fall into ageing categories under which we automatically provide against and certain finished goods and semi-finished goods relating to AbC-19™ (£2.7m) which are flagged as obsolete as we continue to review this product's place in the current market. Stock holding continues to be an area of focus to both support customer requirements and control working capital. Separate provisions have been made in exceptional costs for the DHSC owned stock which transferred to Abingdon as part of the settlement agreement (see Note 16).

Impairment of Assets

The Directors have compared the projected results of the Group to the carrying value of its property, plant and equipment, which is considered to form a single cash generating unit ("CGU") for impairment testing purposes. The Group had invested heavily in growing the capacity of the Group in anticipation of the DHSC contract fulfilment, along with associated contracts.

The future cashflows were tested on a group basis, which showed an estimated present value of future cashflows into perpetuity of £1.8m, representing an overall impairment of £7.2m. This was discounted at a rate of 23.7% and with a long-term growth normalising at 3.0%. The Directors also performed a complementary check of the expected capacity modelling for each key machine, which approximated to the outcome of the cashflow model.

The impairment has been charged first to goodwill to eliminate this, with the remainder of the charge allocated first to reduce the value of right of use assets and leasehold improvements to a fixed level, and then pro-rated across all other assets, excluding new intangible assets in two subsidiaries.

Notes 5, 13 and 14 to the accounts provide more details on the impairment.

Cash Resources

Net cash outflow from operating activities was £7.7m (2021: outflow £12.9m). A reduction year-on-year in payables and the unwinding of the DHSC contract stock and payable amounts following the conclusion of the dispute being the main drivers.

The net proceeds from financing activities were from the completion of the fundraise in December 2021 when the Group raised money through a placing. Altogether this represented a net cash decrease of £2.6m when compared to the prior year, with a closing cash position of £2.4m (2021: £5.0m).

Financing

Post-year-end, the dispute with the DHSC was concluded and in July 2022 the business received £6.3m cash in full settlement of the disputed amounts. Cash at the end of October was £4.3m**Earnings per Share**

Earnings per share was a loss of 7.29p in the period and adjusted EPS was a loss of 3.43p in the same period.

	EPS
Basic EPS	(7.29)p
Loss attributable to Shareholders	£(21.6)m
Add: Share Based Payments	£0.2m
Add: Non recurring legal fees	£0.7m
Add: Non recurring employment costs	£0.2m
Add: impairment charge	£7.2m
Add: Other Costs relating to DHSC Settlement	£1.6m
Add: Depreciation and Amortisation	£1.6m
Add: Finance Costs	£0.1m
Adjusted Loss attributable to Shareholders	£(10.0)m
Adjusted EPS	(3.43)p

Principal Risks and Uncertainties

Risk	Indication of risk on prior year	Impact and description	Mitigating actions
Funding risk and material uncertainty in relation to Going Concern	⬇	The cash position as at 31 October 2022 is £4.4m	£6.3m was received from the DHSC, with £1.5m of this put in a blocked account pending the result of the Good Law Project court case. This has now concluded and the funds have been released. The Business continues to grow its revenue generating opportunities and has a strategy in place to develop long term relationships from Contract Development through to Contract Manufacturing. Costs are also regularly reviewed to ensure that they are line with the needs of the business and continue to give the business sufficient runway.

Risk	Indication of risk on prior year	Impact and description	Mitigating actions
Infectious Diseases and business interruption	➜	A future escalation in the spread of COVID-19 or another pandemic type disease in the UK poses a threat to the continuation of business operations if there is a widespread infection in any of our facilities or amongst the workforce. This would also apply to risk in the Customer and Supplier profiles where crucial components and raw materials become scarce and difficult to import.	Dual site manufacturing capability across the primary manufacturing process in both York and Doncaster. Cross functional teams and shift rotations creating bubble environments to mitigate the risk of people being unable to complete activities in either R&D or Operations. Supply chain activities are focused on managing both our relationships with suppliers, as well as these risks through supply chain diversification and dual sourcing considerations.
Regulatory Approval	➜	As a business that supplies to international Customers a significant proportion of the products where we are acting as Legal Manufacturer require registration from multiple regulatory bodies prior to being offered for sale. There is no guarantee that any product registration by the Group will be successful and failure to do so could have a major impact upon the Group's ability to sell products in the relevant country.	We have a team of Quality and Regulatory specialists in house who can work on multiple registrations in parallel to increase the likelihood of approvals. Our EU representative for our products, Advena, have offices in Malta and the UK and advise on EU specific matters and IVDR.
Revenue Growth	➜	If Revenue Growth is not continuously achieved there is a risk that capacity will be under utilised.	Strategic plan to bring more Research and Technical Transfer stage projects through the R&D Team. This generates revenue in the short term and will lead to longer term sustainable relationships with customers. The number and quality of customers in this area is high, giving the Board sufficient confidence in achieving sales growth. Use of automated lateral flow assembly equipment with versatile equipment which can changeover product types and increase the throughput in Operations.

Risk	Indication of risk on prior year	Impact and description	Mitigating actions
Key Employees	→	The Group operates in an industry where recruitment and retention of talented employees is crucial in being able to deliver the strategic objectives. Talent pools in the industry are not as immediately available as they may have been 12-24 months ago so the Group must be proactive in talent attraction. Recent redundancies have meant that the Group have had to work harder to retain and attract in an already difficult market.	The Group offers competitive salary and benefits packages to employees. Our personal development review process aids in both identifying areas of focus and success, as well as identifying talented individuals and the program of training that is needed to help them and the business achieve its highest potential
Supply Chain	→	The supply chain is subject to price movements due to inflationary pressure as well as other potential factors such as COVID related transport cost increases. This may lead to increasing prices for goods as well as increased lead times for critical components	Contractual arrangements in place offer some mitigation for component pricing. Suppliers are measured with robust key performance indicators, with our highest-level suppliers being audited by our quality assurance team annually. Supply of stock to achieve on time delivery to customers is managed robustly to ensure that we meet our customers' needs without holding unrequired amounts of stock. Where managing supply chain activities for new products and customers, the team recognise that there is a balance between the pricing of components and their availability due to location of manufacture. This is managed accordingly with appropriate stockholding or dual sourcing where possible.

Key: Risk levels on prior year

↑	Risk increase vs prior year
→	Risk remains the same vs prior year
↓	Risk reduction vs prior year

Abingdon Health PLC

Board of Directors

Dr Chris Hand – Non-Executive Chairman

Dr Chris Hand is co-founder of Abingdon Health. He has over 30 years' experience in the medical diagnostics industry in the development and commercialisation of immunodiagnostic products, particularly rapid tests. Before Abingdon, Chris co-founded the medical diagnostics company Cozart Bioscience Ltd specialising in on-site saliva drug testing, and was Chief Executive of Cozart plc, following IPO on AIM in 2004, until October 2007 when the company was sold to Concateno plc. Prior to founding Cozart, Chris was Director of Research for the European base of DPC (now part of Siemens Healthcare Solutions) developing a wide range of immunodiagnostic kits in a variety of formats.

He has a BSc in Applied Biochemistry from Brunel University and a DPhil from the Faculty of Medicine, University of Oxford. He is also chairman of Alta Bioscience Ltd.

Chris Yates – Chief Executive Officer

Chris Yates joined Abingdon Health as CEO in July 2015. Chris had originally co-founded Abingdon Health with Dr Chris Hand in 2008 and had been a non-executive of the Group prior to his appointment as CEO. Prior to Abingdon Health, Chris held CFO positions in two medical diagnostic groups, both AIM-listed at the time, Immunodiagnostic Systems Holdings PLC and Cozart plc. Chris is also a non-executive director of AIM-listed near-patient molecular diagnostic business Genedrive plc. Chris is a fellow of the Institute of Chartered Accountants of England and Wales (FCA) and has a degree in economics from the University of Cambridge.

Melanie Ross – Chief Financial Officer

Melanie is a highly experienced executive with a strong track record of process and business improvement, and has broad experience in managing rapidly growing businesses, fund raisings, acquisitions, and corporate governance. Most recently she was Group Finance Director at Enrich4 Ltd, and prior to that served as Chief Financial Officer and Chief Operating Officer at AIM-listed Surgical Innovations Group Plc where she was instrumental in leading the Group to profitability. Melanie holds a BA (Hons) in Accounting and Finance from the Nottingham Trent University.

Mary Tavener – Non-Executive Director

Mary is the Senior Independent NED of Abingdon Health and Chair of the Audit Committee. Mary has extensive experience in the healthcare sector, having previously been Chief Financial Officer and Board member of AIM listed Advanced Medical Solutions plc (AMS) for 19 years during which the company saw 15 years of consecutive growth. Mary is a Member of the Chartered Institute of Management Accountants (ACMA) and a Fellow of the Association of Corporate Treasurers (FCT). She has a degree in Chemistry from the University of Oxford. Mary also sits on the Boards of Allergy Theraputics plc and Yourgene Health plc as a Non-Executive Director.

Corporate Governance

As a Board we acknowledge the importance of Corporate Governance and as such have adopted the Quoted Companies Alliance (QCA) Corporate Governance Code for Small and Mid-Sized quoted companies. Full details of the code and how we adopt it can be found on the Group's website within the Board and Governance section within the Investors section. The Board recognises the value of the code and good governance and applies the QCA code as far as is practicable for a Group the size and nature of Abingdon Health PLC.

The Chairman and the Board of Directors has overall responsibility for Corporate Governance and is committed to providing information on an open basis.

Mary Tavener is Abingdon's only independent non-executive director and, as such, the Board's current composition does not comply with the requirements for a minimum of two independent non-executive directors under the QCA Corporate Governance Code, being the corporate governance code that the Company has chosen to apply. The Board believes, however, that its current composition is appropriate for the current size of the business and will continue to review its structure periodically as the needs of the business change. We summarise the key Corporate Governance features below, and in addition we further comment on certain principles of the Code as follows;

Principle 1: Establish a strategy and business model which promotes long terms value for stakeholders.

Narrative covering the strategy and business model of the Group is included in the Strategic Report within this Annual Report and Financial statements, include key challenges in their execution.

Board and Committee Meetings

The size and structure of the Board and its Committees are kept under review to ensure an appropriate level of governance operates throughout the year.

There is a clear division of responsibilities between the Chairman, who is responsible for the running of the Board, and the Chief Executive Officer, who is responsible for running the business.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience in finance, innovation, international trading, e-commerce and marketing. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The Group reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. All Directors retire by rotation at regular intervals in accordance with the Group's Articles of Association.

Each Director is provided with sufficient information to enable them to consider matters in good time for meetings and enable them to discharge their duties properly. There is a formal schedule of matters reserved for Board approval. In principle the Board agrees the Group business plan, determines overall Group strategy, acquisition, investment, people and development and health and safety policies, as well as approval for major items of capital expenditure. The Directors continually ensure they are trained in association with duties and responsibilities of being a Director of a listed Company.

Board and Committee Meetings (continued)

The current Board Members are profiled on page 18

The Board meets regularly and during the reporting period there were 12 Board Meetings, 3 Remuneration Committee meeting and 3 Audit Committee meetings.

	Board Meeting		Audit Committee		Remuneration Committee	
	Attended	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**
Dr Chris Hand	12	12	-	-	-	-
Mr Chris Yates	12	12	-	-	-	-
Mr Lyn Rees[2]	12	12	3	3	3	3
Mrs Mary Tavener	12	12	3	3	3	3
Mrs Melanie Ross[1]	12	12	3	3	3	3
Mr Scott Page *	12	12	3	3	3	3

* Resigned as Company Secretary 28 June 2022
(1) Appointed Company Secretary (in addition to her CFO duties) 28 June 2022
(2) Resigned post year end (30 September 2022)

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Chairman assesses the individual contributions of each of the members of the team on an ongoing basis to ensure that:
- Their contribution is relevant and effective;
- That they are committed; and
- Where relevant, they have maintained their independence.

The Chairman holds regular individual reviews with each board member to discuss matters reserved for the Board and matters impacting Board effectiveness..

Key Board activities this year included:
- Review of R&D projects;
- Review and approval of interim results;
- Commercial presentations;
- Risk management and risk register;
- Strategic Review;
- DHSC and judicial review considerations; and
- Changes to the infrastructure of the business.

Audit Committee

Chaired by: Mary Tavener

Other Members: Lyn Rees

The Audit Committee is appointed by the Board from amongst the Non-executive Directors of the Group and meets at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

The Committee's responsibilities are set out in its terms of reference. The role of the Committee is to assist the board in fulfilling its oversight responsibilities by reviewing and monitoring:

- the integrity of the financial and narrative statements and other financial information provided to shareholders;
- the Group's system of internal controls and risk management;
- the internal and external audit process and auditors;
- the processes for compliance with laws, regulations and ethical codes of practice;
- the Group's attitude to and appetite for risk and its future risk strategy;
- how risk is reported internally and externally; and
- The Audit Committee is required to report its findings to the Board, identifying any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken.

The experience of the Committee members allows them to understand the risks facing a diagnostics business and approaches to manage the associated risks, maintain oversight of the Group's internal controls, review strategic financial management and provide support on the Group's approach to corporate governance.

During the year the Committee met 3 times. and undertook the following activities:

- Reviewed the integrity of the financial statements including the Preliminary statement, Annual and Interim reports;
- Meeting with the Auditors to review the interim and full year results, discussing key accounting judgements made and advising the Board that these were a balanced and fair representation;
- Discussed supplier audits being undertaken, in particular the DHSC audit by Ankura;
- Reviewed and updated the risk register and reporting to the Board its view on the key operational and financial risks the business faced;
- Reviewed whether a going concern basis was appropriate for the preparation of the annual reports. Consideration was given to the DHSC late payment and its impact on the cash flow forecasting of the business. Due to this timing uncertainty it was determined that a material uncertainty relating to Going Concern should be disclosed;
- Reviewed other key audit judgements and estimates; and
- Reviewed the need for an Internal control function.

Remuneration Committee

Chaired by: Lyn Rees

Other Members: Mary Tavener

The Remuneration Committee is appointed by the Board from amongst the Non-executive Directors of the Group and meets at least twice a year at appropriate times and otherwise as required.

The Committee has responsibility for assisting the board in fulfilling its oversight responsibilities by reviewing and monitoring remuneration strategy including:

- determine and agree with the board the framework or broad policy for the remuneration of the Group's Chairperson and the executive directors including pension rights and compensation payments;
- recommend and monitor the level and structure of remuneration for senior management;
- review the ongoing appropriateness and relevance of the remuneration policy;
- approve the design of, and determine targets for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes; and
- report its findings to the Board, identifying any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken.

The objective of the Remuneration Committee is to ensure that remuneration is appropriate to attract, retain and motivate the executive management of the company without paying more than necessary. The remuneration policy will bear in mind the Group's appetite for risk and be aligned to the Group's long term strategic goals. A significant proportion of remuneration should be structured to link rewards to corporate and individual performance and be designed to promote the long-term success of the Group.

Nomination Committee - The Board has concluded that the Group does not currently require a Nominations Committee but will review this assessment on a regular basis including discussing the matter with its Nominated Advisor.

Principle 8: Promote a culture that is based on our values and behaviours The Board aims to lead by example and do what is in the best interests of the Group.

The Group's culture, values and frameworks for customers, suppliers, colleagues, shareholders and other stakeholders, are fundamental to delivering business growth. The Board ensures that the Group has the means to determine that values are recognised and respected through its reward and recognition frameworks from performance and development review through to recognition awards over the period, general positive feedback has been received from shareholders in relation to the management. There have been no key governance matters to report during the year. Given the performance of the business, no bonuses were payable to the directors, pay increases were declined and a pay cut was taken partway through the year to support the cash conservation initiatives put in place.

On behalf of the Board

Mrs M Ross
Director
Date: 23 November 2022

Directors' Report

The Directors present their annual report and financial statements for the year ended 30 June 2022.

Principal activities
The Group's principal activities continue to be to develop, manufacture and distribute diagnostic devices and provide consultancy services to businesses in the diagnostics sector.

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

Dr C Hand
Mr C Yates
Mrs M Ross
Mrs M Tavener
Mr L Rees (resigned 30 September 2022)

Results and dividends
The results for the year are set out on pages 35 to 84. The Directors do not recommend payment of a dividend (2021 - £nil).

Substantial Shareholdings

Other than the Directors' own holdings, the Board has been notified that, as at 7 October 2022, the following shareholders on the Group's share register held interests of 3% or more of the issued ordinary share capital of the Group:

Shareholder	Number of Shares ('000's)	%
Enterprise Ventures (General Partner NPIF YHTV Equity) Ltd	18,071	14.85%
Hargreaves Lansdown PLC	9,100	7.48%
Catenalucis LLC	7,788	6.40%
Abrdn plc	6,670	5.48%
Thornapple LLP	6,113	5.02%
Jarvis Securities	5,832	4.79%
Touchstone Innovations Business LLP	4,165	3.42%

Directors' Interests

The interests in the share capital of the Group of those Directors in office at the end of the year, and at 7 October 2022 following share purchases by Chris Hand and Chris Yates were as follows:

	At end of year to June 2022		At 7 October 2022	
	Ordinary shares of 0.025p each	%	Ordinary shares of 0.025p each	%
Chris Hand	12,228,467	10.04%	13,028,467	10.7%
Chris Yates	7,513,844	6.17%	7,888,844	6.4%
Melanie Ross	5,000	0.004%	5,000	0.004%

Research and Development

The Group's activities in this are area have focused on developing and improving lateral flow tests for new and existing customers. This is reported under the operating segment contract development in the Operating and Financial Review above.

Financial risk management policies

The Group's activities expose it to a variety of financial risks. The approach to these is covered in note 22.

Future Developments

The future developments of the Group are discussed in the strategic report.

Going concern

The Directors have prepared cash flows for the foreseeable future, being a period of at least 12 months from the expected date of approval of the financial statements and continue to evaluate financial forecasts. The Group continues to focus on securing sales of existing and new products, partnering with other Companies to develop products for manufacture and transition these in a timely manner. At 30 June 2022 the bank balance was £2.4m. Post year end, £6.3m was received from the DHSC in full settlement of the outstanding monies owed from the three contracts in dispute. Cash at the end of October was £4.3m. This draws to a conclusion all the contractual commitments in those relationships.

The Board is satisfied that based on current forecasts, there is sufficient headroom and concluded that it is appropriate to prepare the Annual Report and Accounts on a going concern basis.

Auditor

In accordance with the Group's Articles and Section 491 Companies Act 2006, a resolution proposing that BDO LLP be reappointed as auditor of the Group will be put at the General Meeting in which these financial statements are presented.

Statement of disclosure to auditor

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

On behalf of the Board

Mrs M Ross
Director
Date: 23 November 2022

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards, and the Company financial statements in accordance with FRS 101 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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 they have been prepared in accordance with UK adopted international accounting standards , 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 Group and Company will continue in business.

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

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report to the members of Abingdon Health plc

Opinion on the financial statements

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 30 June 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Abingdon Health plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and examining the Board's Going concern paper, alongside supporting forecasts for periods to June 2024, which is at least twelve months from when the financial statements are authorised for issue.
- Challenging the Director's assumptions, such as revenue pipeline, as used in the forecast period through review of the historic forecast accuracy, comparing forecasts to post year end results, cost performance, current business trends and pipeline/contract analysis.
- Considering the Board's probable scenarios of sensitivities, to understand the robustness of the forecast trading model and the headroom available to the Group and Parent Company.

- Review of the available cash and financing facilities within the Group, and evaluation of the Directors' downside sensitivities on cash flow headroom.
- Review of the disclosures made in the financial statements. We assessed whether these adequately disclose and are consistent with the basis of the judgements taken and the view formed by the Directors with respect to going concern.

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 and 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 Directors with respect to going concern are described in the relevant sections of this report.

Overview

<table>
<tr><td>Coverage</td><td>99% of Group loss before tax
100% of Group revenue
100% of Group total assets</td></tr>
<tr><td>Key audit matters</td><td>
<table>
<tr><td></td><td>2022</td><td>2021</td></tr>
<tr><td>Going concern*</td><td>☐</td><td>☒</td></tr>
<tr><td>Valuation of goodwill, intangibles, property, plant and equipment (Group) and investment/ intercompany positions in subsidiaries (Parent Company)</td><td>☒</td><td>☒</td></tr>
<tr><td>Existence of revenue**</td><td>☐</td><td>☒</td></tr>
</table>
*Going concern is no longer considered to be a key audit matter having regard to cash balances held by the Parent Company following the resolution of the UK Government, Department of Health and Social Care ('DHSC') case subsequent to year end as set out in the going concern accounting policy in note 1.3 to the financial statements.

**Revenue recognition, in respect of the existence assertion, is no longer considered to be a key audit matter having regard to the change in the business model in the year and the related impact on the revenue stream (AbC-19) to which the prior year key audit matter related.</td></tr>
<tr><td>Materiality</td><td>Group financial statements as a whole

£217k (2021: £116k) based on 1.7% of total assets (2021: 1% of total revenue)

Specific materiality - Revenue
£50k based on 1.75% on revenue</td></tr>
</table>

	Specific materiality - DHSC balances £100k based on a judgmental assessment which is less than 2% of total DHSC asset balance

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Parent Company and Forsite Diagnostics Limited were considered to be significant components and were subject to a full scope audit by the Group engagement team, covering 100% of the total revenue and total assets and 99% of total loss before tax of the Group for the year.

The financial information of the non-significant components (being Molecular Vision Limited and Serascience Limited), were subject to specific audit procedures and relevant analytical procedures performed by the Group engagement team. These non-significant components accounted for 1% of the loss before tax of the Group for the year.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Valuation of goodwill, intangibles, property, plant and equipment (Group) and investment/intercompany balances in subsidiaries (Parent Company). *The Group's accounting policies for goodwill, intangibles and property, plant and equipment are included in notes 1.6 - 1.8 and 2.1 to the financial statements and related disclosures are included in notes 10 and 11.* *The accounting policies and related disclosures for the Parent Company's investment in subsidiaries*	Management are required to test goodwill, intangibles and property, plant and equipment annually for impairment, where required or where impairment indicators are noted. The impairment value in use assessment model prepared by management, based on the expected present value of future cash flows to be generated from cash generating units, is underpinned by a number of estimates including future cash flows, growth assumptions and the discount rate.	Our procedures included the following: We assessed the underlying methodology for the impairment assessment to check that it was in accordance with the requirements of the applicable accounting standards. We performed procedures to assess and challenge the assumptions underpinning management's impairment assessment model including: • Testing the mathematical accuracy of the calculations and the integrity of the underlying data;

is included in note 1.10 and 15 to the financial statements respectively., and intercompany receivables is included in note 1.12 and 18 to the financial statements.	The impairment assessment model prepared by management is sensitive to changes in the assumptions adopted. There is also additional uncertainty in predicting future cash-flows due to the stage of the Group's operations and plans, together with inflationary pressures in the macro-economic environment. There is an associated risk in the Parent Company statement of financial position over the potential impairment of the material investment and intercompany receivable position with Forsite Diagnostics Limited as a subsidiary undertaking, the impairment assessment for which is based on the same discounted cash flow model used for assessing impairment of goodwill, intangible assets and property, plant and equipment assets. Due to the assumptions involved, in particular in relation to the level of estimation uncertainty inherent in the assessment, we considered this to be a key audit matter, alongside the related disclosures.	• Agreeing forecast cash flows to Board approved budgets (as reviewed in the going concern review) and reviewing the reasonableness of the assumptions adopted against our understanding of wider sector growth expectations; • Challenging the growth assumptions adopted by management for future periods to market expectations and considering the sensitivity to changes in the assumptions; • Considering the short-term and long-term impacts of inflationary pressures in the macro-economic environment and how this has been factored into forecast cash flows; • Using our internal Valuations experts, assessing the discount rate applied including consideration of whether it appropriately takes account of additional risks arising from the relatively early-stage commercialisation of a number of new areas for the Group together with inflationary pressures in the macro-economic environment; • Assessing the disclosures made in relation to goodwill, other intangibles and other non-current assets against the requirements of the relevant accounting standards, in particular in relation to the level of estimation uncertainty inherent in the assessment. *Key observations* An impairment of £7.19m has been applied in full to goodwill, and then allocated across other intangibles and non-current assets in line with disclosures in the financial statements. Based on procedures performed we have found no other matters to suggest that the Valuation of goodwill, intangibles, property,

		plant and equipment (Group) and investment/intercompany positions in subsidiaries (Parent Company) or the related disclosures to be inappropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole. We then, judgmentally, selected specific lower materiality levels (and performance materiality levels) for the testing of both Revenue and those balances related to the DHSC contracts.

Financial Statement materiality

	Group financial statements		**Parent Company financial statements**	
	2022 £k	2021 £k	2022 £k	2021 £k
Materiality	217	116	195	52
Basis for determining materiality	1.7% of total assets	1% of group revenues	90% of Group materiality	1% of revenues
Rationale for the benchmark applied	We considered total assets to be the most basis for determining materiality as it is a key measure of performance for users of the financial statements and given the change in business model of the Group.	We considered revenue to be the most appropriate measure of performance and basis for determining materiality, given the volatility in results and the loss recorded for the period.	Calculated as a percentage of Group materiality given the assessment of aggregation risk.	The basis used to calculate Parent Company materiality was 1% of revenues, given the Parent Company had significant revenues in the year.
Performance materiality	141	75	127	34
Basis for determining performance materiality	65% (2021: 65%) of materiality, based upon the Parent Company being listed on AIM, a limited number of areas subject to significant estimation uncertainty, prior knowledge of misstatements and management's attitude to correcting any proposed adjustments.			

Specific materiality- Revenue

We also determined that for Revenue, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for this based on 1.75% of Revenue for the Group and 90% of Group specific materiality for the Parent Company. We further applied a performance materiality level of 65% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated. Thus, Group Revenue specific materiality and performance materiality was £50k and £32.5k respectively. Parent Company Revenue specific materiality and performance materiality was £45k and £29k respectively.

Specific materiality – DHSC

We also determined that for those balances related to DHSC, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on a judgmental assessment which is less than 2% of the total DHSC asset balance for both the Group and Parent Company. We further applied a performance materiality level of 65% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated. Thus, this specific DHSC materiality and performance materiality for the Group and Parent Company was £100k and £65k respectively.

Component materiality

Component materiality for the significant component other than the Parent Company, whose materiality is set out above, was determined based on size and our assessment of the risk of material misstatement of that component. Component materiality for the significant component other than the Parent Company was determined based upon 37% of Group financial statement materiality. We further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated. This component financial statement materiality and performance materiality was £80k and £52k respectively. This component specific materiality and performance materiality for revenue was £45k and £29k respectively.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £6,500 (2021: £3,480) for our Financial Statement materiality, in excess of £1,500 (2021: n/a) for our Revenue materiality and in excess of £3,000 (2021: n/a) for DHSC materiality. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	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 Directors' 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 Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of the audit, we gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We considered the Group's compliance with laws and regulations that have a significant impact on the financial statements to be UK company law, UK tax legislation and the applicable accounting frameworks, and we considered the extent to which non-compliance might have a material effect on the Group financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations for the Group and significant components. Our procedures included enquiries of management and of the Directors and review of Board meeting minutes regarding any known or suspected instances of non-compliance with laws and regulations or fraud, reviewing the financial statement disclosures and agreeing it to underlying supporting documentation where necessary and review of any applicable correspondence with tax authorities.

We assessed the susceptibility of the financial statements to material misstatement, including fraud for the Group and significant components and determined the significant risks to be management override of controls and the existence and accuracy of revenue recognition.

Our response to the risk of management override of controls included:

- testing a sample of journal entries processed during and subsequent to the year to supporting documentation,
- with the use of our data analytic tools, testing for inappropriate and unauthorised payments being made based on our understanding of the business,
- testing of significant estimates (including impairment review of goodwill, intangibles and other non-current assets, as set out in the key audit matters section of this report); and
- evaluating whether there was evidence of bias in the financial statements by the Directors that represented a risk of material misstatement due to fraud.

Our response to the risk of fraud in revenue recognition included:

- review of a sample of revenue recorded against employee timesheet data for anomalies,
- testing a sample of revenue transactions across the year, and around the year end to check that these were recorded in the correct period, were recorded at the correct amount, and were not fictitious in nature. by agreeing to supporting documentation including timesheets, invoices and contracts.

We also considered the nature of unadjusted audit differences for evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds, UK
23 November 2022

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

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2022

	Notes	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Revenue	3	2,835	11,618
Cost of sales		(6,427)	(7,475)
Gross (loss)/profit		(3,592)	4,143
Administrative expenses		(6,645)	(7,547)
Other income	4	240	148
Adjusted EBITDA (before adjusting items)		(9,997)	(3,256)
Amortisation	13	(121)	(42)
Depreciation	14	(1,516)	(707)
Impairment charges	5	(7,192)	-
Share based payment expense	26	(231)	(1,367)
Non-recurring legal, professional and fundraising fees	5	(688)	(257)
Listing costs	5	-	(903)
Non-recurring redundancy costs	7	(198)	(188)
Other exceptional costs relating to DHSC settlement	16	(1,585)	-
Operating loss	5	(21,528)	(6,720)
Finance income	8	4	-
Finance costs	9	(69)	(234)
Loss before taxation		(21,593)	(6,954)
Taxation credit/(charge)	10	331	(19)
Loss for the financial period		(21,262)	(6,973)
Other comprehensive income for the year net of tax		-	-
Total comprehensive loss for the year		(21,262)	(6,973)
Attributable to:			
Equity holders of the parent		(21,262)	(6,973)
Basic earnings per share (pence)	12	(7.29)	(2.65)
Diluted earnings per share (pence)	12	(7.29)	(2.65)

The notes on pages 43 to 84 form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2022

	Notes	30 June 2022 £'000	30 June 2021 £'000
Non-current assets			
Goodwill	**13**	-	763
Other intangible assets	**13**	36	465
Property, plant, and equipment	**14**	1,777	9,041
		1,813	10,269
Current assets			
Inventories	**17**	534	7,888
Trade and other receivables	**18**	7,844	9,978
Income tax receivable		183	115
Cash and cash equivalents		2,397	4,977
		10,958	22,958
Total assets		12,771	33,227
Current liabilities			
Trade and other payables	**19**	5,059	10,405
Borrowings	**20**	115	125
Obligations under leases	**21**	150	227
		5,324	10,757
Non-current liabilities			
Borrowings	**20**	435	367
Obligations under leases	**21**	580	776
		1,015	1,143
Total liabilities		6,339	11,900
Net assets		6,432	21,327
Equity			
Attributable to the owners of the parent:			
Share capital	**25**	76	69
Share premium		30,309	24,180
Share based payment reserve	**26**	153	44
Retained losses		(24,106)	(2,966)
Total equity		6,432	21,327

The notes on pages 43 to 84 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 23 November 2022 and are signed on its behalf by:

Mrs M Ross
Director
Company Registration No. 06475379

Company Statement of Financial Position
As at 30 June 2022

	Notes	30 June 2022 £'000	30 June 2021 £'000
Fixed assets			
Other intangible assets	**13**	21	462
Property, plant and equipment	**14**	1,045	4,436
Investment in subsidiaries	**15**	-	542
		1,066	5,440
Current assets			
Inventories		-	419
Trade and other receivables	**18**	7,245	22,265
Income tax receivable		183	77
Cash at bank and in hand		1,454	3,220
		8,882	25,981
Total assets		9,948	31,421
Creditors: amounts falling due within one year			
Trade and other payables	**19**	1,576	7,074
Borrowings	**20**	115	125
Obligations under leases	**21**	150	227
		1,841	7,426
Net current assets		7,041	18,555
Total assets less current liabilities		8,107	23,995
Creditors: amounts falling due after one year			
Borrowings	**20**	435	367
Obligations under leases	**21**	580	776
		1,015	1,143
Total liabilities		2,856	8,569
Net assets		7,092	22,852
Capital and reserves			
Share capital	**25**	76	69
Share premium		30,309	24,180
Share based payment reserve		153	44
Retained losses		(23,446)	(1,441)
Total capital and reserves		7,092	22,852

The Company's loss after taxation for the year was £22,126,525 (2021 - loss: £5,700,424).

The notes on pages 43 to 84 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 23 November 2022 and are signed on its behalf by:

Mrs M Ross
Director
Company Registration No. 06475379

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2022

	Share Capital	Share premium	Share based payment reserve	Retained earnings	Total equity attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2020	15	13,195	70	(10,531)	2,749
Year ended 30 June 2021:					
Profit and loss	-	-	-	(6,973)	(6,973)
Total comprehensive loss for the year	-	-	-	(6,973)	(6,973)
Other movements:					
Capital reduction	-	(13,145)	-	13,145	-
Bonus share allotment	46	(46)	-	-	-
Share option expenses	-	-	1,367	-	1,367
Share options vested	1	-	(973)	973	1
Share options cancelled	-	-	(420)	420	-
Conversion of loan notes	1	3,481	-	-	3,482
Shares issued on listing	6	21,994	-	-	22,000
Cost of issue of shares	-	(1,299)	-	-	(1,299)
Balance at 30 June 2021	69	24,180	44	(2,966)	21,327
Year ended 30 June 2022:					
Profit and loss	-	-	-	(21,262)	(21,262)
Total comprehensive loss for the year	-	-	-	(21,262)	(21,262)
Other movements:					
Share option expense	-	-	231	-	231
Share options exercised	-	-	(10)	10	-
Share options cancelled	-	-	(112)	112	-
Issue of shares	7	6,493	-	-	6,500
Cost of issue of shares	-	(364)	-	-	(364)
Balance at 30 June 2022	76	30,309	153	(24,106)	6,432

The notes on pages 43 to 84 form part of these financial statements.

Abingdon Health PLC

Company Statement of Changes in Equity
For the Year Ended 30 June 2022

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2020	15	13,195	70	(10,273)	3,007
Year ended 30 June 2021:					
Profit and loss	-	-	-	(5,700)	(5,700)
Total comprehensive loss for the year	-	-	-	(5,700)	(5,700)
Other movements:					
Capital reduction	-	(13,145)	-	13,145	-
Bonus share allotment	46	(46)	-	-	-
Share option expenses	-	-	1,367	-	1,367
Share options vested	1	-	(973)	973	1
Share options cancelled	-	-	(420)	414	(6)
Conversion of loan notes	1	3,481	-	-	3,482
Shares issued on listing	6	21,994	-	-	22,000
Cost of issue of shares	-	(1,299)	-	-	(1,299)
Balance at 30 June 2021	69	24,180	44	(1,441)	22,852
Year ended 30 June 2022:					
Profit and loss	-	-	-	(22,127)	(22,127)
Total comprehensive loss for the year	-	-	-	(22,127)	(22,127)
Other movements:					
Share option expense	-	-	231	-	231
Share options vested	-	-	(10)	10	-
Share options cancelled	-	-	(112)	112	-
Issue of shares	7	6,493	-	-	6,500
Cost of issue of shares	-	(364)	-	-	(364)
Balance at 30 June 2022	76	30,309	153	(23,446)	7,092

The notes on pages 43 to 84 form part of these financial statements.

Abingdon Health PLC

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2022

	Notes	30 June 2022 £'000	30 June 2021 £'000
Cash flows from operating activities:			
Loss for the year		(21,262)	(6,973)
Adjustments for:			
Other income	**4**	(240)	(148)
Net finance costs		65	234
Tax (credit)/charge		(331)	19
Amortisation and impairment of intangible assets	**13**	1,270	42
Share based payments		231	1,367
Depreciation and impairment of property, plant and equipment	**14**	7,559	707
Loss on disposal of property, plant and equipment	**14**	240	-
Impairment of inventories (including DHSC)	**5**	9,676	-
Insurance claim proceeds		146	-
Changes in working capital:			
(Increase) in inventories	**17**	(2,322)	(7,109)
Decrease/(increase) in trade and other receivables	**18**	2,134	(8,103)
(Decrease)/increase in trade and other payables	**19**	(5,170)	7,033
Cash used in operations		(8,004)	(12,931)
Interest paid (including leases)	**9**	(58)	(51)
Income taxes received		323	106
Net cash outflow from operating activities		(7,739)	(12,876)
Interest received	**8**	4	-
Purchase of intangible assets	**13**	(78)	(71)
Internally capitalised development costs	**13**	-	(419)
Purchase of property, plant and equipment	**14**	(682)	(6,761)
Proceeds on disposal of property, plant and equipment		-	8
Payment of deferred consideration	**15**	-	(32)
Net cash used in investing activities		(756)	(7,275)

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2022

	Notes	30 June 2022 £'000	30 June 2021 £'000
Financing activities			
Proceeds from issue of own shares (net of costs *)	**25**	6,136	20,702
Cash withheld for SAYE scheme	**26**	(7)	9
Proceeds from new bank loans and borrowings	**20**	167	250
Payment of loans	**20**	(125)	(19)
Payment of lease obligations	**21**	(144)	(222)
Payment on settlement of accrued lease obligations		(112)	-
Proceeds from issue of loan notes	**20**	-	20
Net cash generated from financing		5,915	20,740
Net (decrease)/increase in cash and cash equivalents		(2,580)	589
Cash and cash equivalents at beginning of the year		4,977	4,388
Cash and cash equivalents at end of the year		2,397	4,977
Recognised in the Statement of Financial Position as:			
Cash at bank and in hand		2,397	4,977
Overdrafts		-	-
		2,397	4,977

* Net of costs of £364,000 (2021 - £1,298,000) set against the share premium account only. In the prior year additional costs of admission to AIM are included within exceptional costs in the Statement of Comprehensive Income and are shown as Operating cashflows.

The notes on pages 43 to 84 form part of these financial statements.

Notes to the Cash Flow Statement

				Non-cash movements				
		1 July 2020	Cashflows	Lease disposal	Debt for equity	Transfer	Accrued interest	**30 June 2021**
Short term borrowings	**20**	3,317	-	-	(3,482)	112	178	125
Long term borrowings	**20**	229	250	-	-	(112)	-	367
Lease liabilities	**21**	1,225	(222)	-	-	-	-	1,003
Long-term debt		4,771	28	-	(3,482)	-	178	1,495

		1 July 2021	Cashflows	Lease disposal	Debt for equity	Transfer	Accrued interest	**30 June 2022**
Short term borrowings	**20**	125	(125)	-	-	99	16	115
Long term borrowings	**20**	367	167	-	-	(99)	-	435
Lease liabilities *	**21**	1,003	(192)	(81)	-	-	-	730
Long-term debt		1,495	(150)	(81)	-	-	16	1,280

* Included within these cashflows are payments of £48,000 against accrued lease costs.

The notes on pages 43 to 84 form part of these financial statements.

1. Accounting policies

Company information
Abingdon Health PLC ("the Company") is a public limited company domiciled and incorporated in England and Wales. The Company is quoted on the London Stock Exchange's Alternative Investment Market ("AIM"). The registered office is York Biotech Campus, Sand Hutton, York, YO41 1LZ. The consolidated financial information (or "financial statements") incorporates the financial information of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising the "Group").

The principal activity of the Group is to develop, manufacture and distribute diagnostic devices and provide consultancy services to businesses in the diagnostics sector.

1.1 Accounting convention

The Group financial statements have been prepared in accordance with UK adopted international accounting standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). Under this it has taken advantage of the following disclosure exemptions:

(a) the requirements of IFRS 7 Financial Instruments: Disclosure, on the grounds that equivalent disclosures for financial instruments are presented in the group accounts of Abingdon Health PLC;
(b) the requirements of IAS 7 Statement of Cash Flows to present a statement of cash flows;
(c) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions and balances between two or more members of a group;
(d) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations', for which equivalent disclosures are included in the group accounts of Abingdon Health PLC;
(e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
(i) paragraph 79(a)(iv) of IAS 1;
(ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment'; and
(iii) paragraph 118(e) of IAS 38 'Intangible Assets'.
(f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 'Presentation of Financial Statements; and
(g) the requirements of 'paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets'.

The financial statements are prepared in pounds sterling, which is the functional currency of the parent Company. Monetary amounts in these financial statements are rounded to the nearest £1,000. The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's loss for the year was £22,126,525 (2021 loss: £5,700,424).

The principal accounting policies adopted in the preparation of the consolidated financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

1. Accounting policies (continued)

1.2 Basis of consolidation

The Group financial information consolidates those of the Company and the subsidiaries that the Company controls, and incorporates the results, assets, liabilities, and cash flows of the company and each of its subsidiaries for the financial year ended 30 June 2022. Subsidiaries are entities controlled by the Group; the Group controls an entity if and only if the Group has all of the following elements:

- power over the entity, i.e., the Group has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the entity's returns);
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of the Groups returns.

Where a subsidiary undertaking is acquired/disposed of during the year, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

All inter-company balances and transactions between group companies have been eliminated on consolidation. Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that are not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interest based on their respective ownership interests.

The Group applies the acquisition method of accounting for business combinations enacted after the date of creation of the Group following incorporation of Abingdon Health PLC, as detailed further below. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary's financial information prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred, over the Group's share of the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e., gain on a bargain purchase) is recognised in profit or loss immediately.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Entities other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence, are treated as associates. In the consolidated financial statements, associates are accounted for using the equity method.

Entities in which the Group holds an interest, and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

1. Accounting policies (continued)

1.3 Going concern

In their assessment of the Group's ability to continue as a going concern, the Directors have considered the principal risks and uncertainties facing the business, along with the Group's objectives, policies and processes for managing its exposure to financial risk. In making this assessment the Directors have prepared cash flows for the foreseeable future, being a period through to 30 June 2024, and continue to evaluate financial forecasts for revenue, expenditure and cash flows.

Net cash at the end of the year was £2.4m, and the group received £6.3m in full and final settlement of the DHSC outstanding amounts in July (post year end). Cash at the end of October was £4.3m.

As set out above, the business continues to focus on securing sales of existing and new products, and in particular are seeing an uplift in the amount of CDMO customers we are in meaningful discussions with, which should lead to repeatable revenue, driving top line growth in the Group.

Having considered all the above, the Directors have prepared the financial statements on a going concern basis.

1.4 Revenue

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

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

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

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

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

1. Accounting policies (continued)

Contract Development (continued)

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

1.5 Research and development expenditure credits

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

1.6 Inventory

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are recognised in profit or loss.

In addition to the above there is a specific transaction relating to the DHSC contract. Further details are provided in note 16.

1.7 Intangible fixed assets - goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. See note 13 for information on how goodwill is initially determined. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed annually for indications of impairment. See note 13 for a description of impairment testing procedures.

Impairment losses are immediately recognised in profit or loss and are not subsequently reversed. Tests have been undertaken using commercial judgements and a number of assumptions and estimates have been made to support the carrying amount, assessed against discounted cash flows.

1.8 Intangible fixed assets other than goodwill

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

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

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

1. Accounting policies (continued)

1.8 Intangible fixed assets other than goodwill (continued)

Patents and Trademarks	10% straight line
Website Costs	20%-25% straight line
Development Costs	10% straight line / length of associated commercial contract *

* The contract was terminated via the settlement agreement explained further in note 16; as such, the remaining development costs associated this contract have been impaired in full as at the year end, as shown in note 13.

Amortisation is charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

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

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

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

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

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

1.9 Property, plant and equipment

Property, plant and equipment are recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs 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.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

1. Accounting policies (continued)

1.9 Property, plant and equipment (continued)

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

Assets under construction are capitalised at cost within the appropriate category as described above, but are not depreciated until completed and brought into use.

The residual value and the useful life of an asset are reviewed at least at each financial period-end and if expectations differ from previous estimates, the changes are accounted for prospectively.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in profit or loss.

1.10 Non-current investments

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the Group has an investment and does not have significant control over are classified as non-current investments and carried at fair value through profit and loss.

1.11 Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset or cash-generating unit is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value. This present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

The impairment loss is allocated to reduce the carrying amount of the asset, first against the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

1.12 Financial instruments

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, short term overdrafts, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

1. Accounting policies (continued)

1.12 Financial instruments (continued)

Financial assets
Financial assets are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets. At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss
Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

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

This category applies to trade and other receivables due from customers in the normal course of business. Trade and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate.

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

(i) the asset is held within a business model with the objective of collecting the contractual cash flows; and

(ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

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

Impairment of financial assets
Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

The Group applies a forward-looking model of IFRS 9 to create an estimation of the expected credit losses arising in the next year on its financial assets, using an expectation derived from historical irrecoverable percentages as adjusted for predicted credit risk adjustments arising through forecast market changes. As at 30 June 2021 there exists a specific high-value financial asset due from DHSC, further information for which is provided in notes 16 and 18.

1. Accounting policies (continued)

1.12 Financial instruments (continued)

Impairment of financial assets (continued)
If an asset is impaired, the impairment loss is the difference between the carrying value and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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

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

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

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

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

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

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

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

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

Retained earnings include all current and prior period retained profits.

The non-controlling interest represents the portion of equity ownership in subsidiaries which is not attributable to the owners of the Company.

1. Accounting policies (continued)

1.13 Equity instruments (continued)

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

The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. Full disclosure of the calculation models is given in note 26.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax, and excludes amounts recognised in respect of RDEC income as explained in note 1.5.

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

Deferred tax
Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities, calculated on an undiscounted basis, are offset only when there is a legally enforceable right to set off current tax amounts and when they relate to the same tax authority and the Group intends to settle its current tax amounts on a net basis.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current and deferred tax are recognised in the profit or loss except when they relate to items recognised directly in equity, when they are similarly taken to equity.

1.15 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1. Accounting policies (continued)

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.17 Retirement benefits

The Group operates a defined contribution pension scheme. The assets of these schemes are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the scheme for the year.

1.18 Share-based payment

The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. Full disclosure of the calculation models is given in note 26.

All equity-settled share-based payments are ultimately recognised as an expense in the profit or loss with a corresponding credit to "Share based payment reserve". If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

1.19 Leases

Under IFRS 16, leases are accounted for on the right of use model. At inception, the Company assesses whether a contract contains a lease. This assessment involved the exercise of judgement about whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Group identifies a lease as follows:

- At inception of a contact the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Group assesses whether:

1. **Accounting policies (continued)**

1.19 Leases (continued)

i) the contract involves the sole use of a specific identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
ii) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
iii) the Group has the right to direct the use of the asset.

- As a lessee the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate relevant to the asset.

The lessee uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise fixed payments. The Group does not make other types of payment referred to in IFRS 16 for its leases.

Generally, the lease liability represents the present value of contractual future lease payments including optional renewal periods where the Group is reasonably certain to exercise the extension option. The Group does not typically enter into purchase options or variable lease payments.

The lease liability is measured at amortised cost using the effective interest method. The Group presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and discloses the corresponding "Lease liability" in the statement of financial position. Short-term leases and leases of low-value assets The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets which it defines as having a purchase cost of £5,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.20 Government grants and other government assistance

Government grants shall be recognised when there is reasonable assurance that:
(a) the entity will comply with the conditions attaching to them; and
(b) the grants will be received.

Grants related to income are presented as part of profit or loss and are deducted in reporting the related expense. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as an expense the related costs for which the grants are intended to compensate.

The Group has received access to the UK Government's Coronavirus Job Retention Scheme during the year, with amounts equal to 80% of employee salaries being claim under the scheme.

1. Accounting policies (continued)

1.21 Non-recurring income and costs

The Group seeks to highlight certain items as exceptional operating income or costs. These are considered to be exceptional in size, frequency and/or nature rather than indicative of the underlying day to day trading of the Group. These may include items such as acquisition costs, restructuring costs, obsolescence costs, employee exit and transition costs, legal costs, profits or losses on the disposal of subsidiaries, and loan impairments. All of these items are charged or credited before calculating operating profit or loss.

The Directors apply judgement in assessing the particular items, which by virtue of their size and nature are disclosed separately in the Statement of Comprehensive Income and the notes to the financial statements as non-recurring income and costs. The Directors believe that the separate disclosure of these items is relevant to understanding the Group's financial performance.

1.22 Standards, amendments & interpretations in issue and adopted for the first time

The current standards, amendments and interpretations have been adopted in the year and have not had a material impact on the reported results in the Group's financial statements:

- Amendments to the Conceptual Framework for Financial Reporting
- Amendments to IFRS 3 Definition of a Business
- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark reform

At the authorisation of these financial statements, the Group has not applied the following new and revised standards that have been issued but are not effective yet

	Effective date – period beginning on or after
Property, Plant and Equipment: Proceeds before intended use: amendments to IAS 16	1 January 2022*
Onerous Contracts- Cost of Fulfilling a Contract- amendments to IAS 37	1 January 2022*
Annual Improvements to IFRS Standards 2018-2020	1 January 2022*
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022*
IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts'	1 January 2023 *
IAS 1 'Presentation of Financial Statements': Classification of liabilities as current or non-current	1 January 2023*
Amendments to IFRS 17	1 January 2023 *
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023 *
Definition of an Accounting Estimate (Amendments to IAS 8)	1 January 2023 *
Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)	1 January 2023 *

* These standards, amendments and interpretations have not yet been endorsed by the UK standards board and the dates shown are the expected dates. The adoption of all above standards is not expected to have any impact on the Group's financial statements.

2. Judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

Right of use asset recognition
Management have assessed each lease liability for recognition under IFRS 16 and recognised a right of use asset where appropriate. Further explanation of this judgement is provided in note 1.19.

One lease includes a material component of service charge by comparison to the headline rental payments, where this service charge partially covers shared areas and facilities which would normally form part of a rental price. The Directors have applied judgement in splitting this service charge into rent-like components of £24,000 per annum (which qualify for capitalisation as a right of use asset), utility fees of £104,000 per annum, and ongoing shared costs of £72,000 per annum (which the latter two do not qualify for capitalisation as a right of use asset, nor recognition as a lease liability). The lease runs for a 7-year term and the total value of rent-like components capitalised (prior to amortisation) is £161,000.

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

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

Valuation of intangible assets (Group 2022: £36,000; 2021: £465,000)
Management judgements are required to estimate the useful lives of intangible assets, having reference to future economic benefits expected to be derived from use of the asset. Economic benefits are based on the fair values of estimated future cash flows.

Management further test the assets for impairment on an annual basis, by reference to future plans and expectations for group revenues and profits. An impairment of £386,000 has been recognised against intangible assets during the year; details of the key inputs to the impairment model are provided in note 13.

2. Judgements and key sources of estimation uncertainty (continued)

Valuation and impairment of cash generating units (including goodwill)
Goodwill is tested annually for impairment as part of a cash generating unit ("CGU"). The test considers future cash flow projections of each CGU on a group basis, as the group as a whole is considered to be a single CGU. In the current year, two tests have been performed, a discounted cash flow model and a value-in-use model, which have both approximated to the same value.

Where the discounted cash flows are less than the carrying value of the CGU, an impairment charge is recognised for the difference, which for the current year is shown in note 5. Further analysis of the estimates, judgements and sensitivities in the estimates are disclosed in note 13.

Share based payments
The determination of the fair values of EMI and SAYE options has been made by reference to the Black-Scholes model with the inputs set out in note 26.

3. Revenue

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker of the Group is considered to be the Board of Directors.

The Group has operating segments:

- Contract Development: this comprises milestone-based development work for third parties and is recognised over time based on a proportion of completion.
- Product Sales and contract manufacturing: product sales include Pocket Diagnostic products and other tests sold through the e-commerce website and distributor outlets and associated carriage income. Contract manufacturing sales are the sale of the customers own products directly to them. These sales are recognised at a point in time.

Due to the specific nature of the Group's market, each component of revenue naturally falls within one of these segments. The operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results. All assets, liabilities and revenues are located in, or derived in, the United Kingdom.

Margins, overheads and balance sheet items are not broken down into the operating segments but are reviewed on a consolidated basis as presented in the Consolidated Income Statement. Accordingly no analysis of costs by division is presented on the grounds that the Group does not collate or record information on a segmental basis and as such any split would be based on arbitrary allocations.

In 2022 there were three major clients that individually accounted for at least 10% of total revenues (2021: two clients). The revenues relating to these clients in 2022 was £1.48m (2021: £7.97m). The clients include £0.74 (2021 - £nil) in the Contract Development segment and £0.74m (2021 - £7.97m) is in the product sales segment.

3. Revenue (continued)

Segmental analysis of revenue *(and goodwill CGU if applicable, see note 13)*

	2022 £'000	2021 £'000
Product sales	465	8,360
Contract manufacturing	1,124	1,690
Contract development	1,246	1,568
Total revenue from contracts with customers	2,835	11,618

Revenue analysed by geographical market

	2022 £'000	2021 £'000
United Kingdom	1,417	6,596
Europe (excluding Belgium)	334	755
Belgium	738	805
USA & Canada	182	3,405
Rest of the World	164	57
	2,835	11,618

All revenue received in the current and comparative years has been recognised at a point in time in accordance with the Group's revenue recognition policy as detailed in note 1.4 and above.

Assets and liabilities related to contracts with customers:

The Group has recognised the following assets and liabilities related to contracts with customers:

Contract assets	2022 £'000	2021 £'000
At 1 July	26	19
Transfers in the year from contract assets to trade receivables	(26)	(19)
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	27	26
At 30 June	27	26

Contract liabilities	2022 £'000	2021 £'000
At 1 July	5,364	940
Amounts included in contract liabilities that was recognised as revenue during the year	-	(940)
Amount not recognised as revenue (see note 16)	(5,364)	-
Cash received in advance of performance and not recognised as revenue during the year	100	5,364
At 30 June	100	5,364

Contract assets and contract liabilities are included within "trade and other receivables" and "trade and other payables" respectively on the face of the statement of financial position. They arise from the Group's contracts because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

4. Other income

Other income	2022 £'000	2021 £'000
Research and development expenditure credit	92	100
Grant income	1	48
Insurance claim income	147	-
	240	148

Grant income represents £1,407 (2021 - £48,000) in relation to Innovate UK and £nil (2021 - £422) in relation to Coronavirus Job Retention Scheme.

5. Operating costs

	2022 £'000	2021 £'000
Operating loss for the year is stated after charging/(crediting):		
Depreciation of owned property, plant and equipment	1,275	428
Depreciation of property, plant and equipment held under leases	241	279
Impairment of tangible assets	6,043	-
Cost of inventories recognised as an expense	633	2,963
Impairment of inventories (excluding DHSC inventories impairment - see note 16)	4,140	1,602
Short term and low value lease rentals	17	1
Research costs expensed	182	503
Non-recurring legal, professional and fundraising fees	688	257
Listing costs	-	903
Non-recurring redundancy costs	198	188
Other exceptional costs relating to DHSC settlement (note 16)	1,585	-
Amortisation of intangible assets	121	42
Impairment of intangible assets	1,149	-

Research costs expensed excludes normal remuneration paid to employees.

Included within administrative expenses are impairment charges (other than inventories, which are shown above) as follows:

	2022 £'000	2021 £'000
Impairment of R&D intangible assets (note 13)	296	-
Impairment of goodwill (note 13)	763	-
Impairment of other intangible assets (note 13)	90	-
Impairment of tangible assets (note 14)	6,043	-
	7,192	-

The impairment of intangible assets charge and tangible assets charge is explained further below, and in note 13 and note 14 respectively.

The impairment of inventories represents a provision for irrecoverability where inventories are approaching expiry date, and there is a limited expected market for sale.

5. Operating costs (continued)

Included before operating profit are non-recurring expenses as follows:

- Listing costs – these are one-off expenses incurred in relation to the admission of the Group to the Alternative Investment Market, where such costs do not relate to the raising of new equity funds.
- Non-recurring legal fees – these are costs relating to the Group's legal action with various third parties as a result of circumstances outside of the Group's control. Although expected to be non-recurring by nature, additional legal fees are expected to be incurred in the year to 30 June 2022.
- Non-recurring employee redundancy costs, where these relate to redundancies linked to the non-renewal and non-payment of the DHSC contract.
- Exceptional costs relating to the settlement of the DHSC contract; see note 16 for further details.

The Directors have adjusted these items, and others, as part of the use of an Alternative Performance Measure. Further details are provided in note 12.

Impairment on non-current assets - Group

Following the ongoing results of the business and reduced projections for future activity as a result of the cancellation of the DHSC contract, the Directors have compared the projected results of the Group to the carrying value of its property, plant and equipment, which is considered to form a single cash generating unit ("CGU") for impairment testing purposes. The Group had invested heavily in growing the capacity of the Group in anticipation of the DHSC contract fulfilment, along with associated contracts.

The future cashflows were tested on a group basis, which showed an estimated present value of future cashflows into perpetuity of £1,800,000. This was discounted at a rate of 23.7% and with a long term growth normalising at 3.0%. The Directors also performed a complementary check of the expected capacity modelling for each key machine, which approximated to the outcome of the cashflow model.

The impairment has been charged first to goodwill to eliminate this, with the remainder of the charge allocated first to reduce the value of right of use assets and leasehold improvements to a fixed level, and then pro-rated across all other assets, excluding new intangible assets in two subsidiaries.

Impairment – Company

Included within administrative expenses for the Company are impairment charges as follows:

	2022 £'000	2021 £'000
Impairment of R&D intangible assets (note 13)	296	-
Impairment of other intangible assets (note 13)	89	-
Impairment of tangible assets (note 14)	2,719	-
Impairment of investment in Forsite Diagnostics Ltd (note 15)	686	-
Impairment of receivable due from Forsite Diagnostics Ltd (note 17)	12,278	-
Impairment of receivables due from other subsidiaries (note 17)	130	-
	16,201	-

The Company's impairment allocation for non-current assets has followed a similar allocation process as that noted above for the Group, with cashflows adjusted to reflect the share of cashflows expected to be generated by Forsite Diagnostics Limited after adjustment for the share of certain asset costs between the companies. As such, the present value of future cashflows has been estimated at £1,065,476.

In addition to this, the Company has recognised a provision in full against all intercompany receivables, and provided against the investment in Forsite Diagnostics Limited in full.

6. Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the Company's auditor and its associates:		
For audit services		
Companies Act section 92 audit (of the Company)	-	17
Audit of the financial statements of the Group and Company	79	63
For non-audit services		
IPO reporting services	-	146
Interim financial statement review	2	-
Tax advice for the Group	-	10

7. Employees

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

	2022 Number	2021 Number
Production	86	101
Research	17	24
Management and administration	27	26
	130	151

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	4,614	6,781
Social security costs	486	653
Pension costs	205	191
Share based payment expense	231	1,367
	5,536	8,992

Details of Directors' remuneration are provided in note 28.

The total cost of employee remuneration includes £nil (2021 - £200,000) of costs which have been on development projects, and which have accordingly been capitalised as an intangible asset, shown further in note 13.

Of the above remuneration totals, £198,000 (2021 - £188,000) of costs have been recognised within non-recurring redundancy costs as opposed to within cost of sales or administrative expenses. This represents £182,000 (2021 - £184,000) of wages and salaries, and £16,000 (2021 - £4,000) of social security costs.

8. Finance income

	2022 £'000	2021 £'000
Interest income		
Bank interest receivable	4	-
	4	-

9. Finance costs

	2022 £'000	2021 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on loans	29	5
Interest on convertible loan note	-	178
Interest on leases	40	51
Total finance costs	69	234

In the prior year, interest was charged on the convertible loan note until the convertible option was exercised as part of the Group's admission to AIM.

10. Taxation

	2022 £'000	2021 £'000
Current tax		
UK Corporation tax on profits for the current year	-	19
Adjustments in respect of prior years	(331)	-
Total current tax	(331)	19
Deferred tax		
Origination and reversal of temporary differences	-	-
Impact of change in tax rates	-	-
Total deferred tax	-	-
Total tax (credit)/charge	(331)	19

The charge for the year can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

	2022 £'000	2021 £'000
(Loss) before taxation	(21,593)	(6,954)
Expected tax (credit) based on a corporation tax rate of 19% (2021 - 19%)	(4,103)	(1,321)
Tax effect of expenses that are not deductible in determining taxable profit	717	228
Depreciation on assets not qualifying for tax allowances	316	94
Change in unrecognised deferred tax asset	3,072	1,629
Share based payments	44	(705)
Prior year adjustment	(331)	-
Other differences	(46)	94
Total tax (credit)/charge	(331)	19

The UK corporation tax rate was 19% throughout the year.

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Deferred tax balances at the reporting date are therefore measured at 25% (2021: 25%; 2020: 19%).

11. Dividends

No dividends were paid in the current or prior year.

12. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2022	2021
Earnings used in calculation (£'000)	(21,262)	(6,973)
Weighted average number of ordinary shares	291,622,638	262,926,110
Basic EPS (pence/share)	(7.29)	(2.65)
Weighted average number of dilutable shares	291,622,638	262,926,110
Diluted EPS (pence/share)	(7.29)	(2.65)

The diluted EPS is the same as the Basic EPS as there is a loss for each of the periods concerned.

In each period there were share options outstanding. As at 30 June 2022, options which are out of the money are excluded from the calculation of the weighted average number of dilutable shares.

The Directors use adjusted earnings before certain non-recurring costs ("Adjusted Earnings") as a measure of ongoing performance and profitability. These non-recurring costs are presented as separate items on the face of the Consolidated Income Statement.

The calculated Adjusted Earnings for the current and comparative periods are as follows:

	2022 £'000	2021 £'000
Loss before taxation attributable to equity owners of the Parent	(21,593)	(6,954)
Share-based payment costs	231	1,367
Impairment charges	7,192	-
Non-recurring legal fees	688	257
Listing costs	-	903
Non-recurring employee redundancy costs	198	188
Exceptional costs relating to settlement of DHSC contract (see note 16)	1,585	-
Depreciation and amortisation	1,638	749
Finance costs	69	234
Adjusted Earnings	(9,992)	(3,256)
Basic and diluted Adjusted Earnings per share (pence/share)	(3.43)	(1.25)

The calculation of Adjusted Earnings is consistent with the presentation of Adjusted Earnings before Interest, Tax, Depreciation, and Amortisation, as presented on the face of the Statement of Comprehensive Income. This adjusted element also removes non-recurring items, as explained further in note 5. The Directors have presented this Alternative Performance Measure ("APM") because they feel it most suitably represents the underlying performance and cash generation of the business, and allows comparability between the current and comparative period in light of the rapid changes in the business (most notably its admission to AIM and associated costs), and will allow an ongoing trend analysis of this performance based on current plans for the business. Tax is excluded from this APM because the Group has significant tax losses and so the tax charge is not representative of the cash generated.

13. Goodwill and other intangible assets

Group	Goodwill £'000	Patents and trademarks £'000	Website £'000	Development costs £'000	Total £'000
Cost					
At 1 July 2020	3,888	36	90	1,417	5,431
Additions - separately acquired	-	-	71	-	71
Additions - Internally generated	-	-	-	419	419
At 30 June 2021	3,888	36	161	1,836	5,921
Additions - separately acquired	-	14	64	-	78
As 30 June 2022	3,888	50	225	1,836	5,999
Amortisation and impairment					
At 1 July 2020	3,125	25	84	1,417	4,651
Amortisation charged for the year	-	2	10	30	42
At 30 June 2021	3,125	27	94	1,447	4,693
Amortisation charged for the year	-	4	24	93	121
Impairment	763	4	86	296	1,149
At 30 June 2022	3,888	35	204	1,836	5,963
Carrying amount					
At 30 June 2022	-	15	21	-	36
At 30 June 2021	763	9	67	389	1,228
At 1 July 2020	763	11	6	-	780

Internally generated development costs represents the Group's cost of staff, materials and certain overhead costs incurred in developing proprietary technology for use in delivering a commercial contract in place until 2025. However, following cessation of this contract the Directors have fully impaired all remaining value associated with this intangible asset.

The Group tests goodwill annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill is assessed for impairment by comparing the carrying values with the value-in-use calculation, which is determined by calculating the net present value (NPV) of future cash flows arising from the original acquired business.

The carrying amount of goodwill is indicated in the table above. The net book value of goodwill above for Forsite Diagnostics Limited amounts to £nil (2021 - £763,143), for Serascience Limited amounts to £nil (2021 - £nil), Molecular Vision Limited £nil (2021 - £nil), and the Doncaster acquisition £nil (2021 - £nil).

The recoverable amount for the goodwill of Forsite Diagnostics Limited has been impaired in full at the year end, which is also described in note 5. This has been determined based on a value in use calculation using cash flow projections based on the actual results for the year ended 30 June 2022 and the detailed financial forecasts prepared by the Board covering the period to 30 June 2024, based on the expectations of management for key elements of the Group's revenue streams.

Thereafter, a growth rate to terminal value of 3% (2021 - 2%) has been used along with a post-tax discount rate of 23.7% (2021 - 11%).

13. Goodwill and other intangible assets (continued)

Below is an analysis of sensitivities within the discounted cash flow model:

	Impact of sensitivity			
	+2% on i'ment charge £'000	+2% on CGU value £'000	-2% on i'ment charge £'000	-2% on CGU value £'000
Discount rate applied	(700)	1,100	1,000	2,800
Reduction in revenue	(400)	1,400	500	2,300

The CGU's carrying value, based on the discounted cash flow model only (thus ignoring the value-in-use calculation) would become £nil if the input was:

- The discount rate is increased to 29.7%; or
- Revenues (and associated cost of sales) were reduced by 8.0%.

The carrying amounts of goodwill have been assigned to the following cash-generating units:

	Group	
	30 June 2022 £'000	30 June 2021 £'000
Forsite Diagnostics Limited	-	763
	-	763

13. Goodwill and other intangible assets (continued)

Company

	Goodwill £'000	Lease Costs £'000	Website £'000	Development costs £'000	Total £'000
Cost					
At 1 July 2020	145	12	86	-	243
Additions - separately acquired	-	-	71	-	71
Additions - Internally generated	-	-	-	419	419
At 30 June 2021	145	12	157	419	733
Additions – separately acquired	-	-	64	-	64
As 30 June 2022	145	12	221	419	797
Amortisation and impairment					
At 1 July 2020	145	5	80	-	230
Amortisation charged for the year	-	2	10	30	42
At 30 June 2021	145	7	90	30	272
Amortisation charged for the year	-	2	24	93	119
Impairments	-	3	86	296	385
At 30 June 2022	145	12	200	419	776
Carrying amount					
At 30 June 2022	-	-	21	-	21
At 30 June 2021	-	5	67	389	461
At 1 July 2020	-	7	6	-	13

Following the ongoing results of the business and reduced projections for future activity as a result of the cancellation of the DHSC contract, the Directors have compared the projected results of the Group to the carrying value of its property, plant and equipment, which is considered to form a single cash generating unit ("CGU") for impairment testing purposes. As such, an impairment has been recognised against lease costs, website and development costs shown above.

14. Property, plant and equipment

Group	Improvements to leasehold property £'000	Plant and machinery £'000	Office equipment £'000	Right of use asset £'000	Total £'000
Cost					
At 1 July 2020	605	2,280	159	1,530	4,574
Additions - acquired	2,863	3,801	97	-	6,761
Disposals	(14)	(37)	(18)	-	(69)
At 30 June 2021	3,454	6,044	238	1,530	11,266
Additions – acquired	167	385	11	-	563
Additions- purchased from lease contract	-	131	-	(225)	(94)
Disposals	-	(327)	(32)	(44)	(403)
At 30 June 2022	3,621	6,233	217	1,261	11,332
Depreciation and impairment					
At 1 July 2020	28	1,031	120	389	1,568
Depreciation charged	132	262	34	279	707
Eliminated in respect of disposals	(9)	(23)	(18)	-	(50)
At 30 June 2021	151	1,270	136	668	2,225
Depreciation charged	579	650	46	241	1,516
Impairments	2,023	3,581	56	383	6,043
Eliminated on lease acquisition	-	-	-	(153)	(153)
Eliminated in respect of disposals	-	-	(32)	(44)	(76)
At 30 June 2022	2,753	5,501	206	1,095	9,555
Carrying amount					
At 30 June 2022	868	732	11	166	1,777
At 30 June 2021	3,303	4,774	102	862	9,041
At 1 July 2020	577	1,249	39	1,141	3,006

The Group's property, plant and equipment has taken a share of the impairment charge as explained in notes 5 and 13.

Included within improvements to leasehold properties are assets under construction with cost of £337,060 (2021 - £2,375,519) and carrying value after impairment of £101,118 (2021 - £2,375,519), and within plant & machinery are assets under construction with cost of £2,487,632 (2021 - £2,577,646) and carrying value after impairment of £398,494 (2021 - £2,577,646). These assets are connected with capital commitments as disclosed in note 27. The assets are not depreciated until brought into use, which is ongoing after the year end.

Included within Plant & Machinery additions for the current year are additions of £131,000 (2021 - £nil) of assets acquired through an early settlement of leases, reflecting the disposals shown above. The corresponding gain on release of associated lease liabilities is recognised within the Income Statement.

14. Property, plant and equipment (continued)

Company

	Improvements to leasehold property £'000	Plant and machinery £'000	Office equipment £'000	Right of use asset £'000	Total £'000
Cost					
At 1 July 2020	589	99	112	1,530	2,330
Additions - acquired	2,863	120	97	-	3,080
Disposals	-	-	(17)	-	(17)
At 30 June 2021	3,452	219	192	1,530	5,393
Additions - acquired	167	4	17	-	188
Additions - purchased from lease contract	-	131	-	(225)	(94)
Disposals	(14)	-	(32)	(44)	(90)
At 30 June 2022	3,605	354	177	1,261	5,397
Depreciation and impairment					
At 1 July 2020	12	11	73	389	485
Depreciation charged	132	44	34	279	489
Eliminated in respect of disposals	-	-	(17)	-	(17)
At 30 June 2021	144	55	90	668	957
Depreciation charged	579	42	46	241	908
Impairments	2,023	257	56	383	2,719
Eliminated on lease acquisition	-	-	-	(151)	(151)
Eliminated in respect of disposals	(9)	-	(26)	(44)	(81)
At 30 June 2022	2,737	354	166	1,095	4,352
Carrying amount					
At 30 June 2022	868	-	11	166	1,045
At 30 June 2021	3,308	164	102	862	4,436
At 1 July 2020	577	88	39	1,141	1,845

The Company's property, plant and equipment has taken a share of the impairment charge as explained in notes 5 and 13.

15. Investments

Group	Notes	2022 £'000	2021 £'000
Other investments		-	-
		-	-

Company	Notes	2022 £'000	2021 £'000
Investments in subsidiaries		-	542
Other investments		-	-
		-	542

Movements in investment Group	Associates £'000	Other investments £'000	Total £'000
Share of net assets			
At 1 July 2020 & at 30 June 2021	-	167	167
Transfers	-	-	-
At 30 June 2022	-	167	167
Impairment			
At 1 July 2020 & at 30 June 2021	-	167	167
Transferred during the year	-	-	-
At 30 June 2022	-	167	167
Carrying amount			
At 30 June 2021	-	-	-
At 30 June 2020	-	-	-

Other investments represents a minority interest holding in Linear Diagnostics Limited. In accordance with IFRS 9 'Financial Instruments', the Group has designated this investment at fair value through profit and loss. There is no readily available observable market value in accordance with IFRS 13 'Fair Value Measurement'. As the Company incurs losses and has significant net liabilities, the Directors consider that its fair value is £nil.

15. Investments (continued)

Details of subsidiaries are included in note 31.

Movements in investments Company	**Equity investments in subsidiaries £'000**	**Investments in associates £'000**	**Other investments £'000**	**Total £'000**
Cost or valuation				
At 1 July 2020	6,239	-	167	6,406
Additions (in respect of share-based payments)	123	-	-	123
Transfers	-	-	-	-
At 30 June 2021	6,362	-	167	6,529
Additions (in respect of share-based payments)	144	-	-	144
Transfers	-	-	-	-
At 30 June 2022	6,506	-	167	6,673
Impairment				
At 1 July 2020	5,820	-	167	5,987
Provision for impairment	-	-	-	-
Transfers	-	-	-	-
At 30 June 2021	5,820	-	167	5,987
Provision for impairment	686	-	-	686
Transfers	-	-	-	-
At 30 June 2022	6,506	-	167	6,673
Carrying amount				
At 30 June 2022	-	-	-	-
At 30 June 2021	542	-	-	542
At 1 July 2020	419	-	-	419

16. Impact of Department of Health and Social Care ("DHSC") Contract on the Income Statement ("IS") and the Statement of Financial Position ("SFP")

Following the long-standing dispute between the Company and DHSC, which was disclosed in note 16 to the prior year's financial statements, the Company and DHSC signed a settlement agreement in June 2022. This resulted in the full and final payment of monies owed to the Company on 7 July 2022.

However, the settlement included a number of adjustments to the outstanding monies owed to the Company. All such adjustments have been recognised within the current year's financial statements as follows:

Description of adjustment	Location in financial statements	IS Amount £'000
Acquisition and impairment of inventories	Exceptional costs - DHSC	(5,536)
Relinquishing of payable to DHSC for components	Exceptional costs - DHSC	4,579
Credit loss arising on the outstanding receivable from DHSC	Exceptional costs - DHSC	(600)
Cancellation of accrued royalty payments	Exceptional costs - DHSC	6
Interest received on overdue payment	Exceptional costs - DHSC	168
Other legal fees (see below)	Exceptional costs - DHSC	(202)
Net (expense) to IS		(1,585)

Other legal fees include significant legal costs in defending the Company's position totalling £202,000, which have also been recognised within exceptional costs relating to the DHSC contract.

Following the adjustments described above, the Company has the following inclusions on its SFP as at the year end in relation to DHSC:

Group	2022 £'000	2021 £'000
Inventories	-	3,987
Trade receivables (inclusive of VAT but after irrecoverable amounts described in note 18)	6,266	6,410
Contract liability	-	(5,308)
Net impact on SFP	6,266	5,089

The total net exposure was received in cash on 7 July 2022. The Company does not believe it has any further exposure to future costs or risks associated with this contract.

17. Inventories

Group	2022 £'000	2021 £'000
Raw materials	315	4,162
Works in progress	170	3,147
Finished goods	49	579
	534	7,888

Company	2022 £'000	2021 £'000
Finished goods	-	419

17. Inventories (continued)

Inventories comprise of products, which are not generally subject to rapid obsolescence on account of technological, deterioration in condition or market trends. Consequently, management considers that there is little risk of significant adjustments to the company's inventory assets within the next financial year except for on AbC-19 Tests and associated components; these items are now fully impaired.

The Group has recognised a total provision of £9,258,342 (2021 - £952,504) against its inventories. Included within the total provision is £4,778,493 relating to raw materials and work in progress under a contract between Abingdon and the Department of Health and Social Care ("DHSC").

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

18. Trade and other receivables

Group	**2022**	**2021**
Current:	**£'000**	**£'000**
Trade receivables – DHSC (note 16)	6,266	6,410
Trade receivables – other	384	2,067
Trade receivables - total	6,650	8,477
Payments on account	-	622
VAT receivable	700	399
Other receivables and prepayments	468	454
Contract receivable	26	26
	7,844	9,978

Trade receivables are stated net of impairment for estimated irrecoverable amounts of £2,190,878 (2021 - £8,400), being the DHSC contract described in note 16 of £2,181,340 (2021 - £nil) and other trade receivables of £8,400 (2021 - £8,400). This impairment has been determined by reference to past default experience and known issues. Write offs are made when the irrecoverable amount becomes certain. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The provision against DHSC contract comprises:

	2022	**2021**
	£'000	**£'000**
Credit note against components (net of VAT)	1,358	-
Credit loss (net of VAT)	600	-
VAT on the above	391	-
Interest receivable on outstanding balances	(168)	-
	2,181	

18. Trade and other receivables (continued)

Contract receivables of £26,549 (2021 - £26,192) has been calculated in accordance with IFRS 15. Movement on the allowance for irrecoverable amounts on trade receivables are as follows:

	2022 £'000	2021 £'000
Beginning of the year	8	26
Provision for bad receivables	2,183	8
Released during the year	-	(26)
End of the year	2,191	8

An analysis of the trade receivables past due but not impaired is:

	2022 £'000	2021 £'000
60 to 120 days	8,649	6,881
More than 120 days	-	-
Less provision	(2,191)	(8)
Total trade debtors past due but not impaired	6,458	6,873
Add:		
Less than 60 days	192	1,604
Net trade receivables	6,650	8,477

The ageing analysis of the trade receivables and expected credit loss provision rates as at 30 June 2022 are as follows:

	Age of receivables - days overdue			
	Less than 60 days £'000	60 - 120 days £'000	Over 120 days £'000	Total £'000
Expected credit loss percentage	1%	2%	5%	
Gross receivable	192	8,649	-	8,841
Less specific receivables *	-	(8,448)	-	(8,448)
Net receivable subject to ECL	192	201	-	393
Expected credit loss	2	4	-	6

* The specific receivables relate to amounts outstanding on the DHSC contract and have been treated as individually significant for the purpose of a review for expected credit losses. Further details of this contract and the recoverability are provided in note 16.

The ageing analysis of the trade receivables and expected credit loss provision rates as at 30 June 2021 are as follows:

	Age of receivables - days overdue			
	Less than 60 days £'000	60 - 120 days £'000	Over 120 days £'000	Total £'000
Expected credit loss percentage	1%	2%	5%	
Gross receivable	1,064	6,881	-	8,485
Less specific receivables *	(1,020)	(6,672)	-	(7,692)
Net receivable subject to ECL	584	209	-	792
Expected credit loss	6	4	-	10

18. Trade and other receivables (continued)

Based on the above, the Directors have not recognised the expected credit loss on grounds of triviality to the Group. The Directors consider the credit quality of trade and other receivables that are neither past due nor impaired to be good.

Company **Amounts falling due within one year*:**	**2022** **£'000**	**2021** **£'000**
Trade receivables	6,265	7,694
Other receivables and prepayments	280	327
Amounts due from subsidiaries	-	13,453
Accrued income	-	1
VAT receivable	700	395
Intercompany accrued income	-	395
	7,245	22,265

*The Company accounts are prepared under FRS 101 using the balance sheet formats specified in Schedule 1 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008. Amounts are presented based on their due date rather than when the asset is expected to be realised as is the case for the Group which reports under IFRS.

Amounts due from subsidiaries with a carrying value of £nil (2021 - £13,453,000) is due on demand although the directors do not expect to call the amount for payment within the next 12 months. This amount is stated net of provision for recoverability of £19,375,000 (2021 - £6,967,000).

19. Current trade and other payables

Group	**2022** **£'000**	**2021** **£'000**
Trade payables	2,471	4,196
Customer payments on account	341	39
Taxation and social security	1,204	199
Accruals	944	607
Contract liability	99	5,364
	5,059	10,405

Contract liability is an amount of £99,741 (2021 - £5,364,000), of which £nil (2021 - £5,308,000) relates to the DHSC contract inventory contra explained further in note 16, with the balance relating to deferred revenue calculated in accordance with IFRS 15. The amount of deferred income relating to the prior year has been fully released in the current financial year.

Company	**2022** **£'000**	**2021** **£'000**
Trade payables	902	940
Taxation and social security	196	106
Accruals	478	720
Contract liability	-	5,308
	1,576	7,074

20. Borrowings

Group	2022 £'000	2021 £'000
Bank loans	115	240
Other loans	435	252
	550	492
Payable within one year	115	125
Payable between one and two years	-	115
Payable between two and five years	435	252
	550	492

Company	2022 £'000	2021 £'000
Bank loans	115	240
Other loans	435	252
	550	492
Payable within one year	115	125
Payable between one and two years	-	115
Payable between two and five years (plus)	435	252
	550	492

The Group has pledged as security a fixed and floating charge over all properties and undertakings of the parent Company against bank loans of £550,000 (2021 - £492,000). The bank loan is denominated in £ sterling and bears interest at a rate of 2.19%.

During the year the Group made a further draw down on the Innovate Loan of £166,667, which is included within other loans above.

21. Obligations under leases

Future gross minimum lease payments are due under leases as follows:

Group	2022 £'000	2021 £'000
Within one year	180	268
In two to five years	628	228
Over five years	-	628
	808	1,124
Less: future finance charges	(78)	(121)
	730	1,003

Company	2022 £'000	2021 £'000
Within one year	180	268
In two to five years	628	228
Over five years	-	628
	808	1,124
Less: future finance charges	(78)	(121)
	730	1,003

21. Obligations under leases (continued)

These are disclosed in the financial statements on a net basis (excluding future finance charges) as follows:

Group	**2022**	**2021**
	£'000	**£'000**
Current lease payable	150	227
Non-current lease payable	580	776
	730	1,003

Company	**2022**	**2021**
	£'000	**£'000**
Current lease payable	150	227
Non-current lease payable	580	776
	730	1,003

Finance lease and hire purchase borrowings are secured against the assets to which they relate.

The Group's right of use asset additions and depreciation charge recognised on leases in the year is shown in note 13, and interest expense in note 9. The total cash outflows in the year are explained in the Statement of Cash Flows and associated notes.

22. Financial instruments

The Group is exposed on a minimal basis to market risk through its use of a US Dollar and a Euro account. The Group's risk management is co-ordinated by the directors who focus actively on securing the Group's short to medium term cash flows through regular review of all the operating activities of the business. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Market and liquidity risks
Liquidity risk is the risk that the Company fails to have sufficient funds to meet its debts as they become due. The Group holds funds in short-term bank deposits so that they are available when required. The liquidity risk of the Group is managed centrally. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which regularly monitors the Group's short-medium and long-term funding, and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash and cash equivalents and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group have managed the risks of short term cash deficits by receiving advanced payment on key contracts to ensure its cash flow requirements can continue to be sufficiently met. See note 1.3 for further information on cashflows and the Directors' consideration of going concern.

Credit risk
During the year, the Group's credit risk was primarily attributable to its cash balances, other loans receivable, and its trade receivables. Credit risk, is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings. The risk to the Group of trade receivables going bad is deemed relatively low due to the size and stature of the customers the Company now trades with. There were no allowances for debt recovery as at the current or previous year end.

The Group continuously monitors credit risk of customers and other counterparties and incorporates this information into its credit risk controls. The Group takes up trade references on all new customers and its policy is to deal only with credit worthy companies. None of the Group's financial assets are secured by collateral or other credit enhancements.

22. Financial instruments (continued)

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered negligible, since the counterparty is a reputable bank with a high quality external credit rating, therefore no significant mitigating actions are required in respect of credit risk.

The Group uses an expected credit loss model for impairment that represents its estimate of incurred losses in respect of the Trade Receivables as appropriate. The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. The expected loss rates are based on the Group's historical credit losses experienced over the two year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customer. Under the expected credit loss model impairment allowance wasn't material resulting in no provision being made.

Capital management
As described in Note 25 the Group considers its capital to comprise its ordinary share capital, share premium, share based payment reserve, and accumulated deficit as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to commercialise the development which has been undertaken to date, through major sales in a number of markets.

No supplier financing arrangements or credit insurance is in place. The Group's dividend policy is to monitor reserves available for distribution to shareholders. The Group monitors capital on the basis of carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods under review is set out below:

Group	**2022**	**2021**
Total equity	6,432	21,327
Less non-pledged cash and cash equivalents	(2,331)	(4,910)
Capital	4,101	16,417

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

Exchange rate and interest rate risk
All of the Group's borrowings are at fixed interest rates. The Group is therefore not exposed to the impact of changes in interest rates in the medium term. The level of debt is reviewed regularly by the Board.

The Group does not have any significant assets or liabilities in a currency other than Sterling. Due to the non-material nature of the Group's exposure to foreign currency risk, sensitivity analyses to movement in exchange rates are not produced. The Group has no long term foreign exchange exposure. At the beginning, during and end of the year, the Group had no unexpired forward foreign exchange contracts.

The majority of purchases are denominated in Sterling. The Group is therefore not materially exposed to the impact of changes in exchange rates.

22. Financial instruments (continued)

Group	**2022**	**2021**
Carrying amount of financial assets:		
Measured at fair value	-	-
Debt instruments measured at amortised cost	9,207	14,227
	9,207	14,227
Carrying amount of financial liabilities:		
Measured at fair value	-	-
Measured at amortised cost	5,114	6,457
	5,114	6,457

The Group is not subject to external imposed capital requirements and any bank covenants have been relaxed until September 2022, other than the minimum capital requirements and duties regarding reduction of capital as imposed by the Companies Act 2006 for all public limited companies.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

All of the Group's assets and liabilities are valued on a Level 3 basis.

The undiscounted contractual maturity analysis for Group financial instruments is shown below. The maturity analysis reflects the contractual undiscounted cashflows, including future interest charges, which may differ from the carrying value of the liabilities as at the reporting date.

Financial liabilities	**Demand and less than 3 months £'000**	**From 3 to 12 months £'000**	**From 12 months to 2 years £'000**	**From 2 to 5 years £'000**	**Over 5 years £'000**	**Total £'000**
Trade and other payables	4,839	-	-	-	-	4,839
Leases	67	201	228	567	61	1,124
Bank loans	31	94	115	-	254	494
At 30 June 2021	4,937	295	343	567	315	6,457
Trade and other payables	3,756	-	-	-	-	3,756
Leases	45	135	184	444	-	808
Bank loans	31	83	-	-	436	550
At 30 June 2022	3,832	218	184	444	436	5,114

23. Deferred tax

As at the year-end there are no deferred tax balances in the Group or Company (2020 - £nil). The balances below are recognised but offset for reporting purposes as the Group and Company have a legal right of offset of these balances as they unwind with the same tax authority.

The following is the deferred tax balances recognised on a net basis:

	Liabilities		Assets	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Accelerated capital allowances	458	525	-	-
Tax losses	(458)	(622)	-	-
Capitalised research and development expenditure	-	97	-	-
	-	-	-	-

Movements by category of deferred tax are as follows:

	(Asset)/ Liability at 1 July 2021 £'000	(Credit)/ charge to profit and loss £'000	(Asset)/ Liability at 30 June 2022 £'000
Accelerated capital allowances	525	(67)	458
Tax losses	(622)	164	(458)
Capitalised research and development expenditure	97	(97)	-
	-	-	-

	(Asset)/ Liability at 1 July 2020 £'000	(Credit)/ charge to profit and loss £'000	(Asset)/ Liability at 30 June 2021 £'000
Accelerated capital allowances	232	293	525
Tax losses	(232)	(390)	(622)
Capitalised research and development expenditure	-	97	97
	-	-	-

Group

A deferred tax asset amounting to £9,423,000 (2021 - £5,879,000) in respect of trading losses carried forward of £37,692,000 (2021 - £23,515,000) has not been recognised due to uncertainty over the extent and timing of future profits within the Group as at 30 June 2022. If these losses were recognised as a deferred tax asset at the prevailing rate of 25% (2021 – 25%) this would result in an increase to net assets of the Group of approximately £9,423,000 (2021 - £5,879,000).

Company

A deferred tax asset amounting to £4,592,000 (2021 - £3,139,000), in respect of trading losses carried forward of £18,369,000 (2021 - £12,558,000), has not been recognised due to uncertainty over future profits. If these losses were recognised as a deferred tax asset at the prevailing rate of 25% (2021 – 25%, 2020 – 19%) this would result in an increase to net assets of the Group of approximately £4,592,000 (2021 - £3,139,000).

24. Retirement benefit schemes

	2022 £'000	2021 £'000
Charge to profit and loss in respect of defined contribution schemes	205	191

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. At the year-end there is a pension creditor of £24,000 (2021 - £38,000).

25. Share capital and reserves

	2022	2021
Ordinary share capital		
Authorised	**Number**	**Number**
Ordinary shares of 0.025p each	121,711,614	95,699,114
Deferred shares of 0.025p each	182,316,812	182,316,812
	304,028,426	278,015,926
Allotted and fully paid	**Number**	**Number**
Ordinary shares of 0.025p each	121,711,614	95,699,114
Deferred shares of 0.025p each	182,316,812	182,316,812
	304,028,426	278,015,926
	£'000	**£'000**
Ordinary shares of 0.025p each	31	24
Deferred shares of 0.025p each	45	45
	76	69

On 21 December 2021 the Company raised £6.5 million (before expenses) by way of issuing 26,000,000 ordinary shares of 0.025 pence each at a premium of 25 pence per share.

On 25 May 2022 there was an exercise of options over 12,500 Ordinary shares of 0.025 pence each.

Reconciliation of movements during the year:

	Number
At 1 July 2021	278,015,926
Issue of shares	26,000,000
Exercise of share options	12,500
At 30 June 2022	304,028,426

Reserves of the Company represent the following:

Share capital - Shares in the Company held by shareholders at a proportional level with equal voting rights per share.

Share premium - Excess over share capital of any investments.

Retained earnings - This comprises the accumulated trading results of the Group.

Share-based payment reserve - This reserve comprises the fair value of options share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital.

26. Share options

Group & Company	Number of share options		Weighted average exercise price	
	30 June 2022 Number	30 June 2021 Number	30 June 2022 £	30 June 2021 £
Outstanding at 1 July 2021	729,467	287,440	0.5071	0.0010
Granted	-	2,049,275	-	0.2191
Forfeited	(497,186)	(204,808)	0.5755	0.3355
Lapsed	-	(80,000)	-	0.0010
Exercised	(12,500)	(1,322,440)	0.0003	0.0080
Outstanding at 30 June 2022	219,781	729,467	0.3997	0.5071
Exercisable at 30 June 2022	-	-	-	-

12,500 options were exercised during the year.

The options outstanding at 30 June 2022 had an exercise price ranging from £0.00025 to £0.70 and a remaining contractual life of 1 year and 9 months. The options exist at 30 June 2022 across the following share option schemes:

	Number of shares	Exercise price per share (£)	Fair value of scheme	Vesting period
Options issued in April 2021	104,174	0.00025	215,449	1 year
SAYE scheme commenced in March 2021	138,608	0.70	368,211	3 years
	242,782		583,660	

The fair value of the scheme is being expensed over the vesting period. All share options expire 10 years after the date of issue.

	Group		Company	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
Expenses recognised in the year				
Arising from equity settled share-based payment transactions	231	1,367	87	1,238

27. Guarantees, commitments and contingent liabilities

At 30 June 2022, the Group and Company had no contingent liabilities (2021 - none). The borrowings disclosed in note 20, were secured over the assets of the Group including the Company.

At 30 June 2022 the Group had contracted for capital commitments of approximately £nil (2021 - £0.8 million). These amounts have not been reflected in the financial statements.

28. Directors' remuneration and transactions

	30 June 2022 £'000	30 June 2021 £'000
Remuneration for qualifying services	500	662
Company pension contributions to defined contribution schemes	31	26
	531	688

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

During the year to 30 June 2022 the Directors received remuneration as follows:

	Salary / fees £'000	Pension contributions £'000	Benefits in kind £'000	Total cash & cash equivalent remuneration £'000
Executive directors				
Melanie Ross	152	13	1	166
Chris Henry Francis Yates	203	18	1	222
	355	31	2	388
Non-executive directors				
Christopher William Hand	69	-	-	69
Lyn Dafydd Rees	37	-	-	37
Mary Geraldine Tavener	37	-	-	37
	143	-	-	143
Total executive & non-executive remuneration	498	31	2	531

28. Directors' remuneration and transactions (continued)

During the year to 30 June 2021 the Directors received remuneration as follows:

	Salary / fees £'000	Pension contributions £'000	Benefits in kind £'000	Total £'000
Executive directors				
Christopher William Hand (until December 2020)*	127	-	3	130
Melanie Ross (appointed 26 January 2021)	68	5	-	73
Chris Henry Francis Yates	251	17	1	269
Scott Andrew Page (resigned 26 January 2021)	107	4	-	111
	553	26	4	583
Non-executive directors				
Christopher William Hand (from January 2021)*	36	-	4	40
Lyn Dafydd Rees (appointed 22 June 2020)	34	-	-	34
Mary Geraldine Tavener (appointed 26 October 2020)	27	-	-	27
Maxim Roger Duckworth (resigned 11 December 2020)	4	-	-	4
	101	-	4	105
Total executive & non-executive remuneration	654	26	8	688

* Following the Group's admission to AIM, Christopher Hand transferred from being an executive director to a non-executive director. Accordingly his remuneration is split in the year to 30 June 2021 table above.

28. Directors' remuneration and transactions (continued)

In addition to the above the directors have been granted share options with fair value as shown in the below table. All outstanding share options are significantly underwater and therefore fair value shown is a theoretical value only, based on the market input at the grant date, and does not represent actual cash-equivalent remuneration in the period.

During the year to 30 June 2022 the fair value of the share options granted to the directors are £nil.

During the year to 30 June 2021 the fair value of the share options granted to the directors is as follows:

	Fair value of share options £'000	Total Remuneration £'000
Executive directors		
Christopher William Hand (until December 2020) *	160	290
Melanie Ross (appointed 26 January 2021)	-	73
Chris Henry Francis Yates	186	454
Scott Andrew Page (resigned 26 January 2021)	93	204
	439	1,022
Non-executive directors		
Christopher William Hand (from January 2021) *	-	40
Lyn Dafydd Rees	384	418
Mary Geraldine Tavener (appointed 26 October 2020)	-	27
Maxim Roger Duckworth (resigned 11 December 2020)	-	4
	384	489
Total executive & non-executive remuneration	823	1,511

29. Events after the reporting date

On 10 August 2022 there was an exercise of options over 5,208 Ordinary shares of £0.00025 each. At the year end the options are shown as outstanding, as detailed in note 26.

30. Related party transactions

Remuneration of key management personnel
The key management personnel are considered to be the Board of Directors and members. Refer to note 28 for details of key management personnel remuneration.

31. Subsidiaries

Details of the Company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held
Molecular Vision Limited (UK)	Consultancy and R&D into a diagnostics technology platform	A1 Preference shares	100%
Serascience Limited (UK)	Development and sales of medical diagnostic devices	Ordinary shares	100%
Forsite Diagnostics Limited (UK)	Manufacturing of diagnostic devices	Ordinary shares	100%

All investments are directly held by the Company. The investments in subsidiaries are all stated at cost less impairment in the financial statements.

All subsidiary companies have the same registered address as noted on the company information page in these financial statements.

32. Ultimate controlling party

In the opinion of the Directors, no one party has ultimate control due to shareholding.