

Brain-in-Hand Limited
Annual Report and Financial Statements
Year Ended 30 September 2022

Registration number: 06971006

Brain-in-Hand Limited

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Brain-in-Hand Limited

Company Information

Directors	D M Fry M S Gumienny L M Morpeth S R Page E Rooth
Registered office	Hampton House 23 Longbrook Street Exeter Devon EX4 6AB
Auditors	PKF Francis Clark Statutory Auditor Centenary House Peninsula Park Rydon Lane Exeter Devon EX2 7XE

Brain-in-Hand Limited

Business Review for the Year Ended 30 September 2022

Billings and turnover have shown strong growth with 31% and 43% increase respectively. Education continues to be the largest proportion of revenue and the main contributor to growth. In Health & Social Care, an area that has been affected by a major re-organisation of the sector, billings have grown 14%. Compound annual growth of billings, over five years, is now at 51%.

We continue to support autistic people and people with anxiety-based mental health difficulties and currently have around 8000 people with access to Brain in Hand in the UK. There are users of Brain in Hand in nearly every Higher Education Institution and contracts in place with 56 organisational clients (local authorities, charities and NHS bodies). There has been a noticeable increase (84% increase in billings) in the use of Brain in Hand to support people getting into and staying in work.

The potential of Brain in Hand as a supplier to the NHS is demonstrated by three consecutive awards from the NHS through the government's Small Business Research Initiative (SBRI). A grant of £0.3m was secured this year on the back of £0.7m in 2020 and £0.1m in 2019. Their purpose is to support Brain in Hand to scale in health and social care. We are already seeing the results of this support. A large independent clinical trial reported in September, demonstrating the significant positive impact of Brain in Hand not only for end users but also an economic return for the public sector. The study showed that combining simple digital tools and practical human support increases quality of life and reduces anxiety for autistic adults. This translated into a cost saving of over £14,000 per person when compared with standard care.

We secured £2.6m additional funding this year to increase the scalability of the product and the business, raising £1.6m from new and existing shareholders which will release an additional £1m in non-dilutive grant funding from Innovate UK. Over the next two years this will fund a major evolution of the Brain in Hand product, and the systems and processes needed to operate at scale in the UK and internationally.

We increased our investment in R&D this year by 20%, to £1.2m from £1.0m. The headcount in our product and development team has increased from 15 to 19, since October 2021. We have been able to upgrade our technical platform, improve information governance compliance and strengthen the technical infrastructure. For our users, considerable functionality has been added to the mobile and web application.

Despite the challenging national economic circumstances, we remain optimistic about the future outlook for Brain in Hand. Chronic shortages in staffing across the public sector and the post-pandemic shift in attitudes towards technology, have created a pressing need for scalable, digital solutions. The level of grant funding awarded to the company sends a strong signal about its relevance to the future of the public sector. This is further cemented by the compelling evidence of benefit for the end user and payer. With these foundations and the recent investment, our ambition to more than double the number of users and billings by 2025 is achievable.

Brain-in-Hand Limited

Balance Sheet

30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	<u>4</u>	91,414	74,997
Current assets			
Debtors	<u>5</u>	1,290,517	827,164
Cash at bank and in hand		<u>2,766,798</u>	<u>1,954,488</u>
		4,057,315	2,781,652
Creditors: Amounts falling due within one year	<u>6</u>	<u>(876,856)</u>	<u>(725,299)</u>
Net current assets		<u>3,180,459</u>	<u>2,056,353</u>
Total assets less current liabilities		3,271,873	2,131,350
Creditors: Amounts falling due after more than one year	<u>6</u>	-	(1,408)
Deferred income		<u>(3,236,746)</u>	<u>(2,723,066)</u>
Net assets/(liabilities)		<u>35,127</u>	<u>(593,124)</u>
Capital and reserves			
Called up share capital	<u>8</u>	2,420	2,044
Share premium reserve		4,358,638	2,797,808
Profit and loss account		<u>(4,325,931)</u>	<u>(3,392,976)</u>
Shareholders' funds/(deficit)		<u>35,127</u>	<u>(593,124)</u>

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 22 December 2022 and signed on its behalf by:

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S R Page
Director

Company Registration Number: 06971006

Brain-in-Hand Limited

Notes to the Financial Statements

Year Ended 30 September 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Hampton House
23 Longbrook Street
Exeter
Devon
EX4 6AB

These financial statements were authorised for issue by the Board on 22 December 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

Going concern

At the balance sheet date the Company had net assets of £35,127 (2021: net liabilities £593,124). This reflects the net position of proceeds from issue of shares, including the share issue in July 2022, less losses in the initial years of the business, as a result of significant research and development expenditure. It is the Company's policy to expense all research and development expenditure to the Statement of Income and Retained Earnings when it is incurred.

As at 30 September 2022, the Company had net current assets of £3.2m, including cash of £2.77m. The directors have prepared forecasts and projections, which take into account growth in user numbers, the cost base to support this growth and Innovate grant funding awarded. Based on these forecasts and having made all necessary enquiries, the directors are satisfied that the Company is expected to maintain sufficient cash balances to meet working capital requirements for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the directors continue to adopt the going concern basis of presentation.

Brain-in-Hand Limited

Notes to the Financial Statements

Year Ended 30 September 2022

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, refunds and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Revenue is recognised over the period for which the software and service subscription are provided.

Government grants

Grants are accounted for under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in 'other income' within the Statement of Income and Retained Earnings in the same period as the related expenditure.

Tax

Tax is recognised in the statement of income and retained earnings except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Any research and development tax credits are recognised on a cash received basis.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures, fittings and equipment	25% straight line or over the life of the lease
Leasehold improvements	Over the life of the lease term

Research and development

Research and development costs are recognised as an expense in the Statement of Income and Retained Earnings when it is incurred.

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Notes to the Financial Statements

Year Ended 30 September 2022

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the statement of income and retained earnings and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

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

The contributions are recognised as an expense in the statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Brain-in-Hand Limited

Notes to the Financial Statements

Year Ended 30 September 2022

3 Staff numbers

The average number of persons employed by the company (including directors) during the year on a headcount basis was 136 (2021 - 65). From 1 October 2022 a number of previously self-employed individuals were brought onto the payroll and employed on casual worker status contracts.

4 Tangible assets

	Leasehold improvements £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 October 2021	10,374	124,147	134,521
Additions	-	56,067	56,067
Disposals	-	(1,016)	(1,016)
At 30 September 2022	10,374	179,198	189,572
Depreciation			
At 1 October 2021	4,586	54,938	59,524
Charge for the year	2,154	36,790	38,944
Eliminated on disposal	-	(310)	(310)
At 30 September 2022	6,740	91,418	98,158
Carrying amount			
At 30 September 2022	3,634	87,780	91,414
At 30 September 2021	5,788	69,209	74,997

5 Debtors

	2022 £	2021 £
Current		
Trade debtors	1,160,293	782,760
Prepayments and accrued income	124,355	43,808
Other debtors	5,869	596
	1,290,517	827,164

Brain-in-Hand Limited

Notes to the Financial Statements

Year Ended 30 September 2022

6 Creditors

Creditors: amounts falling due within one year

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	7	-	3,388
Trade creditors		169,447	247,517
Taxation and social security		435,782	316,458
Other creditors		45,073	38,419
Accruals		226,554	119,517
		<u>876,856</u>	<u>725,299</u>

Creditors: amounts falling due after more than one year

	Note	2022 £	2021 £
Due after one year			
Loans and borrowings	7	-	1,408

7 Loans and borrowings

	2022 £	2021 £
Loans and borrowings due after one year		
HP and finance lease liabilities	-	1,408

	2022 £	2021 £
Current loans and borrowings		
HP and finance lease liabilities	-	3,388

Brain-in-Hand Limited

Notes to the Financial Statements

Year Ended 30 September 2022

8 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £0.0067 each	362,788	2,420	306,447	2,044

During the year 56,341 ordinary shares of £0.0067 were issued for a total cash consideration of £1,561,206 (net of issue costs).

9 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	17,244	17,244
Later than one year and not later than five years	10,608	25,558
	<u>27,852</u>	<u>42,802</u>

10 Audit report

The Independent Auditors' Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report was Neil Hitchings, who signed for and on behalf of PKF Francis Clark on 22 December 2022.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.