

REGISTERED NUMBER: 07352898 (England and Wales)

Directors' Report and  
Unaudited Financial Statements for the Year Ended 31 December 2021  
for  
d-Wise Technologies UK Limited



**d-Wise Technologies UK Limited**  
**Contents**

---

Company Information	1
Directors’ Report	2
Statement of Directors’ Responsibilities	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	9
Notes to the Financial Statements	10

# **d-Wise Technologies UK Limited**

## **Company Information**

---

### **DIRECTORS**

J P Leveille (resigned on 1 April 2021)

F M Whitmeyer

M A Gare (appointed on 1 April 2021)

N J Goldsmith (appointed on 1 April 2021)

### **SECRETARY**

Oakwood Corporate Secretary Limited

### **REGISTERED NUMBER**

07352898 (England and Wales)

### **REGISTERED OFFICE**

Diamond Way

Stone Business Park

Stone

Staffordshire

ST15 0SD

### **BANKER**

HSBC UK Bank Plc

9th Floor, Liver Building

Pier Head

Liverpool L3 1JH

# **d-Wise Technologies UK Limited**

## **Directors' Report**

For the year ended 31 December 2021

---

The directors present their report with the financial statements of d-Wise Technologies UK Limited (the "Company") for the year ended 31 December 2021.

### **PRINCIPAL ACTIVITIES**

On 1 April 2021, the Company was acquired by Instem plc, a publicly traded provider of IT solutions to the global life sciences market.

The Company is part of the Instem plc group (the 'Group'), which is a leading supplier of IT applications to the life sciences healthcare market, delivering compelling solutions for data collection, management and analysis across the R&D continuum. The principal activity of d-Wise Technologies UK Limited is providing clinical and healthcare systems technology, support and consultancy activities on clinical trial analysis.

### **REVIEW OF THE BUSINESS**

The Company's turnover decreased to £2,141,000 (2020: £2,315,000). Loss for the year was £195,000 (2020 profit for the year: £210,000).

### **PRIOR YEAR CHANGES IN PRESENTATION**

*Comparative figures have been reclassified to conform with changes in the presentation for the current year to align with the Group. Details of the reclassifications are disclosed in note 12.*

### **DIVIDENDS**

The directors do not recommend the payment of a dividend (2020: £nil).

### **POLITICAL DONATIONS**

The Company made no political donations in 2021 or 2020.

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

The Company has reviewed the requirements of the Environmental Reporting guidelines. The Company does not qualify as a large Company and therefore the Company is not required to prepare an Energy and Carbon Report.

### **FUTURE DEVELOPMENTS**

Over recent years the Group has invested significantly in a global infrastructure that has created a solid platform for future growth. The Company is well positioned on clinical and healthcare systems technology which will assist the Group adding new clients and generate increasing revenues from existing clients.

The Company has remained very active and the directors continue to have confidence in the longer-term outlook for the business.

### **RESEARCH AND DEVELOPMENT**

The Company continues its development programme of software for the global pharmaceutical market including the research and development of new products and enhancement to existing products. The directors consider the investment in research and development to be fundamental to the success of the business in the future.

### **EMPLOYEES**

The Company's employees are critical to the success of the business and the Company focuses considerable attention on their positive engagement.. Following its acquisition by Instem plc on 1 April 2021, the Company incorporated the Instem Group Values and Culture Handbook, which provide a framework for ensuring an alignment between Group and employee interests. There is frequent and open communication with employees, who are encouraged to share their opinions, informally and through regular surveys. Instem has consistently used the Gallup Q12 engagement questions in its surveys to identify trends and its survey questions have been expanded over recent years to align with those used by the Great Place to Work® organisation. Employee-led,

# **d-Wise Technologies UK Limited**

## **Directors' Report**

For the year ended 31 December 2021

---

location specific Action Groups propose and implement changes to address employee identified opportunities for improvement. Proposals are considered by the Executive management team and actioned accordingly.

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

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

### **DIRECTORS**

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

F M Whitmeyer

J P Leveille (resigned on 1 April 2021)

M A Gare (appointed on 1 April 2021)

N J Goldsmith (appointed on 1 April 2021)

### **INDEMNITY OF DIRECTORS**

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

### **CORONAVIRUS (COVID-19)**

The risk to the Company, as for any business, is that the COVID-19 pandemic impacts new and existing business activities as clients and suppliers focus on short term priorities arising from the pandemic, or struggle to remain in business.

The Group, including d-Wise Technologies UK Limited, remains well placed and has seen minimal impact from COVID-19, with working from home practices implemented and the majority of its business relatively unaffected. The market dynamics were highlighted further by the ongoing COVID-19 pandemic, which presented a number of new opportunities as R&D increased with all the major companies focusing on developing vaccines or therapies.

### **GOING CONCERN**

The Directors have assessed the Group's financial position and liquidity at the end of the reporting period and for the forecast period up to 31 August 2023. The going concern period covered the 12 months from the date of signing the Group's financial statements. For the going concern assessment please refer to page 11.

### **SMALL COMPANIES EXEMPTION**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

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

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

# **d-Wise Technologies UK Limited**

Directors' Report

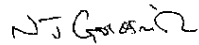
For the year ended 31 December 2021

---

## **POST BALANCE SHEET EVENTS**

Events occurring after the balance sheet date have been disclosed in note 14 to the Financial Statements.

By order of the board



**N J Goldsmith**

Director

31 August 2022

## d-Wise Technologies UK Limited

### Statement of Directors' Responsibilities

---

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 and profit or loss of the Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, *subject to any material departures disclosed and explained in the financial statements*;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## d-Wise Technologies UK Limited

Statement of Comprehensive Income  
For the year ended 31 December 2021

	Notes	2021 £000	2020 £000 as restated
<b>TURNOVER</b>	3	2,141	2,315
Staff costs	4	(1,467)	(928)
Depreciation	7	(13)	(13)
Other operating expenses		(969)	(1,230)
		<hr/>	<hr/>
<b>OPERATING (LOSS)/ PROFIT</b>		(308)	144
Interest receivable and similar income	5	113	12
		<hr/>	<hr/>
<b>(LOSS)/ PROFIT BEFORE TAXATION</b>	6	(195)	156
Taxation		-	54
		<hr/>	<hr/>
<b>(LOSS)/ PROFIT FOR THE YEAR</b>		(195)	210
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME		-	-
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR</b>		(195)	210
		<hr/>	<hr/>

The notes on pages 10 to 27 form part of these financial statements.



# d-Wise Technologies UK Limited

## Balance Sheet

At 31 December 2021

		2021	2020
	Notes	£000	£000
<b>FIXED ASSETS</b>			
Tangible assets	7	19	27
		<u>19</u>	<u>27</u>
<b>CURRENT ASSETS</b>			
Debtors	8	490	762
Cash at bank and in hand		243	40
		<u>733</u>	<u>802</u>
<b>CREDITORS: Amounts falling due within one year</b>	9	(1,412)	(1,294)
<b>NET CURRENT LIABILITIES</b>		<u>(679)</u>	<u>(492)</u>
<b>NET LIABILITIES</b>		<u>(660)</u>	<u>(465)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	10	-	-
Retained earnings		(660)	(465)
<b>TOTAL EQUITY</b>		<u>(660)</u>	<u>(465)</u>
<b>TOTAL EQUITY</b>		<u>(660)</u>	<u>(465)</u>

Company Registration No. 07352898

The notes on pages 10 to 27 form part of these financial statements.

# **d-Wise Technologies UK Limited**

## **Balance Sheet**

**At 31 December 2021**

---

The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2021.

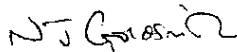
The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

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

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

The financial statements on pages 6 to 27 were approved by the board of directors and authorised for issue on 31 August 2022 and are signed on its behalf by:



**N J Goldsmith**  
Director

Company Registration No. 07352898

## d-Wise Technologies UK Limited

### Statement of Changes in Equity

	Called-up share capital £000	Retained earnings £000	Total £000
<b>Balance as at 1 January 2020</b>	-	(675)	(674)
Profit for the financial year	-	210	210
<b>Balance as at 31 December 2020</b>	-	(465)	(464)
Loss for the financial year	-	(195)	(195)
<b>Balance as at 31 December 2021</b>	-	(660)	(659)

The notes on pages 10 to 27 form part of these financial statements

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

---

### 1. STATUTORY INFORMATION

d-Wise Technologies UK Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The principal activity of d-Wise Technologies UK Limited is providing clinical and healthcare systems technology, support, and consultancy activities on clinical trial analysis.

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

### 2. ACCOUNTING POLICIES

#### STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

On 1 April 2021, the Company was acquired by Instem plc, a publicly traded provider of IT solutions to the global life sciences market.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

#### BASIS OF PREPARATION

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. The company has adopted FRS 102 in these financial statements. and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required.

These financial statements are prepared on a going concern basis, under the historical cost convention. . Further details are contained in the Going Concern section of the Accounting Policies.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below in the note 2.

The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

---

### 2. ACCOUNTING POLICIES - continued

#### **GOING CONCERN**

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

#### *Background*

The Directors have adopted the going concern basis in preparing these financial statements after careful assessment of identified principal risks and the possible adverse impact on financial performance. The Directors have assessed the financial position and liquidity at the end of the reporting period and for the forecast period up to 31 August 2023, including sensitivity analysis. The going concern period covers the 12 months from the date of signing the financial statements. The process and key judgments in coming to this conclusion are set out below.

#### *Current trading and liquidity*

The Group's trading performance for the year ended 31 December 2021 has been strong with Revenues of £46.0m and Adjusted EBITDA of £8.3m. Instem is fully operational, with all staff in all territories working from home in accordance with governmental guidelines, no staff were furloughed and there is no intention of curtailing any business activities. The company has continued to recruit staff across its geographic footprint.

The Group signed a new financing arrangement on 8 April 2022, which consists of a committed facility of £10.0m with HSBC UK Bank plc to support the Group's working capital needs and its acquisition strategy, which can be extended up to £20.0m if needed, subject to further bank approval. The financial covenants have been considered in the forecast to ensure compliance. As of 31 December 2021, the Group had a net overdraft facility of £0.5m and a gross facility of £9.0m with NatWest Bank plc. As of 31 December 2021, the net overdraft facility with NatWest Bank plc was undrawn (2020: undrawn).

#### *Sensitivity Analysis*

The Group has considered two scenarios the (a) Base Case Scenario and (b) Sensitised Scenario which are also linked to the company's risks when modelling the forecast results and cash flow. The sensitivity assessment includes the trading performance and cash flows of the three acquisitions occurred in 2023.

Despite the negative impact of these sensitivities the model demonstrated that the Group remained viable, even though profitability and cash over the next twelve months was reduced. Finally, the Group is expected to remain a going concern even applying the downside scenario sensitivity analysis throughout the forecast period to 31 August 2023, by taking sufficient remedial action.

#### *Conclusion and Going Concern Statement*

After considering the uncertainties described above, the directors have a reasonable expectation that the Group and consequently the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing d-Wise Technologies UK Limited annual report and accounts as a letter of support was provided by Instem plc, the Company's parent company.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 2. ACCOUNTING POLICIES - continued

#### **TURNOVER**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The Company generates revenue from the provision of annual support, SaaS subscriptions and support, professional services and technology enabled outsourced services and consultancy services.

At contract inception, an assessment is completed to identify the performance obligations in each contract. Performance obligations in a contract are either goods or services that are distinct or part of a series of goods or services that are substantially the same and have the same pattern of transfer to the customer. Promises that are not distinct are combined with other promised goods or services in the contract, until a performance obligation is satisfied.

At contract inception, the transaction price is determined, being the amount that the Company expects to receive for transferring the promised goods or services. The transaction price is allocated to the performance obligations in the contract based on their relative standalone selling prices. The Company has determined that the contractually stated price represents the standalone selling price for each performance obligation.

Revenue is recognised when a performance obligation has been satisfied by transferring the promised product or service to the customer.

#### *Annual support*

Customers typically enter into a support contract for a period of twelve months. This contract provides the customer with access to technical support and software upgrades. Customers pay a fixed amount in exchange for the use of a cloud based statistical computing environment, along with access to maintenance and support. The promises in these contracts constitute a single performance obligation, which is satisfied over time as the customer consumes the benefits of the service consistently over the contract term. Revenue in respect of the single performance obligation is recognised evenly over the contract term.

#### *SaaS subscription and support*

Customers typically enter into a SaaS contract for a period of twelve months and pay a fixed amount in exchange for the usage of software on a hosted server over a specified period of time along with access to maintenance and support. Initial SaaS contracts may also include some installation or customisation of the software and training for staff. The promises in this contract are considered to be a single performance obligation as the subscription and support are highly interdependent on one another given that the customers are required to take the full package of both the software and support services i.e. Instern would not be able to provide the support services without the provision of the software nor provide the software without the support services.

The revenue is recognised over the period of the contract on a straight-line basis as the customer simultaneously receives and consumes the benefits of the software and services provided by the Company consistently over the contract term.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 2. ACCOUNTING POLICIES - continued

#### *Professional services and technology enabled outsourced services*

Customers typically enter into a service contract to provide distinct service work based on clear statements of work. Service work includes, but is not limited to, implementation services, training and outsourced services work relating to Blur. The promises in this contract are considered to be a single performance obligation given the services are interdependent and the revenue is recognised on a percentage completion basis for fixed price contracts or as services are provided in respect of time and materials contracts.

The Company has elected to take the practical expedient to apply this policy to its portfolio distinct service contracts given the similar characteristics in these types of contracts.

#### *Consultancy services*

Customers typically enter into a service contract to provide distinct service work based on clear statements of work which include consulting services for clinical trial applications. The consultancy services are contracted for on either a time and materials or fixed priced basis. Time and materials consultancy is recognised in the period in which it is performed. Fixed price work is recognised on a percentage completion basis of the remaining unbilled milestones. The percentage completed is determined with reference to time incurred to date and time required to complete the development or consultancy.

#### *Bundled contracts*

Professional services, cloud based statistical computing environment - and annual support are often bundled together in a contract.

Where the contract assessment identifies that the sale does not meet the criteria to be a distinct performance obligation, due to a lack of interdependence between performance obligations, promises that are not distinct are combined with other promised goods or services in the contract, until a performance obligation is satisfied. Revenue in respect of this bundled performance obligation is recognised over the period of the contracted obligation on a straight-line basis.

Where the contract assessment identifies that the sale does not meet the criteria to be a distinct performance obligation, due to a lack of interdependence between performance obligations, promises that are not distinct are combined with other promised goods or services in the contract, until a performance obligation is satisfied. Revenue in respect of this bundled performance obligation is recognised over the period of the contracted obligation on a straight-line basis.

#### *Amounts recoverable on contracts and deferred income*

In most cases, customers are invoiced and payment is received in advance of revenue being recognised in the income statement. Amounts recoverable on contracts and deferred income is the difference between amounts invoiced to customers and revenue recognised under the policy described above. For professional services and technology enabled outsourced services the Company will raise an invoice to the customer only if the performance obligation based on the agreement would be met. Consequently, if the amount of revenue recognised exceeds the amounts invoiced the excess amount is included within amounts recoverable on contracts.

In comparison if customers are invoiced and payment is received in advance of revenue being recognised in the income statement then deferred income is recognised.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

---

### 2. ACCOUNTING POLICIES – continued

#### *Contract fulfilment asset*

Contract fulfilment assets are amortised over the expected contract period on a systematic basis representing the pattern in which control of the associated service is transferred to the customer.

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

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

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

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

#### **FOREIGN CURRENCIES**

The company's functional and presentation currency is the pound sterling.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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

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

#### **TAXATION**

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

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



# d-Wise Technologies UK Limited

## Notes to the Financial Statements

---

### 2. ACCOUNTING POLICIES - continued

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

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

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

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

#### **TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated in the statement of financial position at cost less accumulated depreciation and provision for impairments.

Depreciation is provided on all assets so as to write off the cost less estimated residual value on a straight line basis as follows:

Computer equipment	- 33% on cost and 25% on reducing balance
--------------------	---

The expected useful lives and residual values of tangible fixed assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

# **d-Wise Technologies UK Limited**

## **Notes to the Financial Statements**

---

### **2. ACCOUNTING POLICIES - continued**

#### **IMPAIRMENT OF FIXED ASSETS**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **FINANCIAL INSTRUMENTS**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

---

### 2. ACCOUNTING POLICIES - continued

#### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### *Basic financial liabilities*

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### *Cash and cash equivalents*

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

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

---

### 2. ACCOUNTING POLICIES - continued

#### *Intercompany receivables*

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

#### *Equity instruments*

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

#### *Called-up share capital*

For called-up share capital, the par value is recognised in share capital and the premium in the share premium reserve.

Called-up shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **LEASES**

#### *The Company as a Lessee*

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

#### *Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

### **RELATED PARTY TRANSACTIONS**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its parent or with members of the same group that are wholly owned.

# **d-Wise Technologies UK Limited**

## **Notes to the Financial Statements**

---

### **2. ACCOUNTING POLICIES - continued**

#### **RETIREMENT BENEFITS**

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the income statement in the period to which they relate.

##### *Defined contribution schemes*

A defined contribution scheme is a pension plan under which the Company pays a fixed contribution to a scheme with an external provider. The amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the total of contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other payables or other receivables in the statement of financial position. The Company has no further payment obligations once the contributions have been paid.

#### **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 fixed 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.

#### **RETAINED EARNINGS**

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

#### **COMPARATIVES**

The amendments of the comparative figures do not relate to prior year material misstatement. The Company has updated presentation of the Comprehensive Income for the current year to align with the Group's annual report.

Comparative figures have been reclassified to conform with changes in the presentation for the current year. Details of the adjustment are disclosed in note 12.

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

In the process of applying the Company's accounting policies, which are described above, management have made judgements and estimations about the future that have the most significant effect on the amounts recognised in the financial statements. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

##### *Significant judgements*

The following judgement has the most significant effect on the financial statements.

##### *Revenue Recognition*

The Company generates revenue from the provision of annual support, professional services and technology enabled outsourced services. Professional services and annual support are often bundled together in a contract which do not meet the criteria to be distinct performance obligation.

# **d-Wise Technologies UK Limited**

## **Notes to the Financial Statements**

---

### **2. ACCOUNTING POLICIES - continued**

Even though, the promise to transfer services to the customer are separately identifiable, the nature in the context of the contract, is to transfer combined services. The goods or services are highly interdependent, interrelated and the Group would not be able to fulfil its promise by transferring each of the goods or services independently.

Judgement is applied in determining how many performance obligations there are within each contract and the period in which these obligations will be fulfilled and recognised as revenue, based on the Company's accounting policies. For SaaS subscription, subscription and support and annual support the Company determines for each contract whether the promise is considered to be a single performance obligation as the subscription and support are highly interdependent on one another given that the customers are required to take the full package of both the software and support services i.e. Instem would not be able to provide the support services without the provision of the software nor provide the software without the support services.

#### **Estimation uncertainty**

Information about estimations and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### **Revenue Recognition**

For Professional services and technology enabled outsourced services revenue recognition there is a significant estimation of the planned project hours, which determines the percentage of completion of service revenue contracts. Before the project is started, the project manager estimates the budgeted hours needed for the agreed services. If the project is expected to overrun then the project manager will amend the expected budgeted hours in accordance with the new available information which also mitigates the risk of early revenue recognition.

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 3. TURNOVER

The turnover and loss before taxation of the Company is attributable to and reported within one Group business segment, Clinical Trial Acceleration.

An analysis of revenue by geographical market is given below:

	2021 £000	2020 £000
United Kingdom	163	176
Europe	513	554
USA	1,465	1,585
	<u>2,141</u>	<u>2,315</u>

### 4. EMPLOYEES AND DIRECTORS

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

	2021 Number	2020 Number
Directors and administration	5	4
Scientific and technical	16	10
	<u>21</u>	<u>14</u>

Staff costs for the above persons:

	2021 £000	2020 £000 as restated
Wages and salaries	1,246	812
Social security costs	160	88
Other pension costs	61	28
	<u>1,467</u>	<u>928</u>

The following table provides staff costs and related employee benefit expenses recognised in the income statement.

	2021 £000	2020 £000 as restated
Staff costs – see above	1,392	928
Share based payments	-	-
	<u>1,392</u>	<u>928</u>

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

---

### 4. EMPLOYEES AND DIRECTORS - continued

The directors of the Company were remunerated in other companies within the Instem group during the year ended 31 December 2021.

During the year ended 31 December 2020 another d-Wise group company remunerated the directors of the Company.

There are no directors accruing pension benefits as at 31 December 2021 (2020: nil).

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £000	2020 £000 as restated
Foreign exchange gains	113	12
	<u>113</u>	<u>12</u>

### 6. PROFIT BEFORE TAXATION

	2021 £000	2020 £000 as restated
Profit before taxation is stated after charging:		
Depreciation - owned assets (note 7)	13	13
Operating lease charges	49	49
	<u>62</u>	<u>62</u>



# d-Wise Technologies UK Limited

## Notes to the Financial Statements

---

### 7. TANGIBLE FIXED ASSETS

	IT Equipment £000
<b>Cost</b>	
At 1 January 2021	78
Additions	5
Write off	(13)
	<hr/>
At 31 December 2021	70
	<hr/>
<b>Depreciation</b>	
At 1 January 2021	51
Charge for year	13
Write off	(13)
	<hr/>
At 31 December 2021	51
	<hr/>
<b>Net book value</b>	
At 31 December 2021	19
	<hr/>
At 31 December 2020	27
	<hr/>

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 8. DEBTORS

	2021 £000	2020 £000
Trade debtors	125	312
Amounts owed by group undertakings	334	330
Corporation tax recoverable	-	54
Other debtors	31	66
	<u>490</u>	<u>762</u>

Trade debtors of £nil (2020: £nil) fall due after more than one year.

Trade debtors are stated after provisions for impairment of £22,000 (2020: £nil).

#### *Definition of default*

A loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

#### *Impairment of trade debtors*

The probability of default is determined at the year-end based on the ageing of the debtors, historical data about default rates. That data is adjusted if the Company determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

#### *Impairment of group receivables*

The Company assesses the expected credit loss in respect of group receivables based on their ability to repay and recover the balance. In the absence of agreed terms this consideration is given over the expected period of repayment and any expected credit loss. The Company is required to calculate expected credit losses on all financial assets, including intercompany. At the period end an allowance has been made for credit impairment of group receivables of £nil (2020: £ nil).

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

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £000	2020 £000
Trade creditors	133	144
Amounts owed to group undertakings	862	751
Other taxation and social security costs	100	37
Accrued expenses	72	106
Deferred Income	245	258
	<u>1,412</u>	<u>239</u>

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

Deferred income relates to the consideration received from customers in advance of work being completed plus maintenance and support, which is invoiced in advance.

### 10. SHARE CAPITAL

	2021 £	2020 £
<i>Allotted, called-up and fully paid:</i>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

The Company's ordinary share, which carries no right to fixed income, carries the right to one vote at general meetings of the Company.

### 11. OPERATING COMMITMENTS

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2021 £000	2020 £000
Operating lease commitments	<u>170</u>	<u>203</u>

# d-Wise Technologies UK Limited

## Notes to the Financial Statements

### 12. PRIOR YEAR ADJUSTMENT

Comparative figures have been reclassified to conform with changes in the presentation for the current year. The Company has updated the presentation for the current year to align with the Group's annual report.

	As previous reported £000	Reclassification £000	As restated £000
<b>TURNOVER</b>	2,315		2,315
Cost of sales	(1,826)	1,826	-
Administrative expenses	(333)	333	-
Staff costs	-	(928)	(1,681)
Depreciation	-	(13)	(13)
Other operating expenses	-	(1,230)	(477)
	<u>156</u>	<u>12</u>	<u>144</u>
<b>OPERATING PROFIT</b>	156	12	144
Interest receivable and similar income	-	12	12
Interest payable and similar expenses	-	-	-
	<u>156</u>	<u>-</u>	<u>156</u>
<b>PROFIT BEFORE TAXATION</b>	156	-	156
Taxation	54	-	54
	<u>210</u>	<u>-</u>	<u>210</u>
<b>PROFIT FOR THE YEAR</b>	210	-	210
	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME</b>	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	210	-	210
	<u>-</u>	<u>-</u>	<u>-</u>

# **d-Wise Technologies UK Limited**

## **Notes to the Financial Statements**

---

### **13. ULTIMATE PARENT COMPANY**

On 1 April 2021, the Company was acquired by Instem plc, a publicly traded provider of IT solutions to the global life sciences market. Consequently, the ultimate and immediate parent company is Instem plc, a company incorporated and registered in England and Wales.

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

### **14. POST BALANCE SHEET EVENTS**

No adjusting events have occurred between the 31 December 2021 reporting date and the date of approval of these financial statements.

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