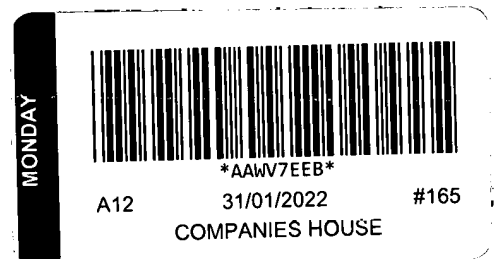


**REGISTERED NUMBER: 07546735 (England and Wales)**

**DIGITAL SURGERY LIMITED**  
**ANNUAL REPORT**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**



**DIGITAL SURGERY LIMITED**  
**CONTENTS OF THE ANNUAL REPORT**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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<b>COMPANY INFORMATION</b>	<b>3</b>
<b>STRATEGIC REPORT</b>	<b>4</b>
<b>REPORT OF THE DIRECTORS</b>	<b>5</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>7</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>10</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>11</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>12</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>13</b>

**DIGITAL SURGERY LIMITED**  
**COMPANY INFORMATION**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**DIRECTORS:**

A Chow  
J Nehme  
M Rosengarten  
J Oldaker (Appointed 1 March 2021)  
A Wadadli (Resigned 1 March 2021)  
A Delhaye

**REGISTERED OFFICE:**

Fourth Floor  
226-236 City Road  
London  
EC1V 2QY

**REGISTERED NUMBER:**

07546735 (England and Wales)

**INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
40 Clarendon Road, Watford, Hertfordshire,  
WD17 1JJ

**BANKERS:**

Silicon Valley Bank  
Alphabeta  
14,18 Finsbury Square  
London  
EC2A 1BR

**DIGITAL SURGERY LIMITED**  
**STRATEGIC REPORT**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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The directors present their strategic report of the company for the period from 25 April 2020 to 30 April 2021.

**PRINCIPAL ACTIVITIES**

The principal activity of the company during the period under review was the development of surgical simulations and data analytics.

**RESULTS AND OTHER INFORMATION**

The results of the company are shown in the Statement of Comprehensive Income on page 9. During the period under review, the Company made a loss of £19.8m (2020 Loss of: £15.2m). The position of the company at the year-end can be found on page 10. Our loss has increased year on year as we continue to invest in our current and future products as well as our people, while moving away from legacy revenue generating projects.

Touch Surgery Inc. and Touch Surgery (Canada) Inc were disposed of during the period under review on 30 October 2020.

**KEY PERFORMANCE INDICATORS**

In FY21, the company focussed on the continued development of the business and new product offerings to clinical users from surgical education to data analytics. The company looks at non-financial performance indicators such as the number of app downloads as well as breadth and depth of its content in the app.

**FUTURE DEVELOPMENTS**

Covidien Group S.à r.l. (the “parent”) has fast-tracked Company funding of projects and is expected to continue to accelerate future growth and development.

**GOING CONCERN**

Notwithstanding a net loss for the period of £19.8m (2020: £15.2m), the directors have prepared the financial statements on a going concern basis for the reasons set out below.

The parent contributed \$25m of capital during the year under review and will continue to provide funding for company expenditure into the foreseeable future.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Foreign exchange risk has a substantial influence on company’s operations and profitability. Other types of risks that affect the management of the Company are the exposure to credit risk, liquidity risk and cash flow risk. These risks are managed by accurate forward forecasting and planning in advance by management.

The company is also faced with the risk that its expenditure on research and development will not result in viable products and services that can generate revenues above their cost. This risk is carefully managed by recruiting highly qualified technical staff and in-depth market research.

The impact of Covid-19 pandemic has been minimal on the Company, no redundancies were made and the company has continued to hire employees, clear outstanding debt obligations and meet working capital requirements. The company has seen minor disruptions to its supply chain.

**ON BEHALF OF THE BOARD:**

  
J Nehme - Director

Date: 27 January 2022

**DIGITAL SURGERY LIMITED  
REPORT OF THE DIRECTORS  
FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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The directors present their report with the audited financial statements of the company for the period ended 30 April 2021.

**DIVIDENDS**

No dividends will be distributed for the period ended 30 April 2021.

**DIRECTORS**

The directors of the Company during the period and up to the date of signing the financial statements were as follows:

A Chow  
J Nehme  
M Rosengarten  
J Oldaker (Appointed 1 March 2021)  
A Wadadli (Resigned 1 March 2021)  
A Delhayé

**FUTURE DEVELOPMENTS**

The company was acquired by the Covidien Group S.à r.l. during February 2020. The acquisition will fast-track Company funding of projects and is expected to accelerate future growth and development.

The company has not been materially impacted by COVID-19 as its existing IT infrastructure has allowed all staff to work remotely.

**POLITICAL CONTRIBUTIONS**

There were no political donations made by the company during the year ended 30 April 2021.

**DIGITAL SURGERY LIMITED**  
**REPORT OF THE DIRECTORS** *(continued)*  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**INDEPENDENT AUDITORS**

During the period, PricewaterhouseCoopers LLP were auditors of the Company. PricewaterhouseCoopers LLP will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors 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.

**DIRECTORS' CONFIRMATIONS**

In the case of each director in office at the date the Report of the directors is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



J Nehme - Director

Date: 27 January 2022

# Independent auditors' report to the members of Digital Surgery Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Digital Surgery Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2021 and of its loss for the period from 25 April 2020 to 30 April 2021;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of Financial Position as at 30 April 2021; Statement of Comprehensive Income and Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating 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 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

# Independent auditors' report to the members of Digital Surgery Limited (continued)

## Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the period ended 30 April 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the financial reporting requirements of the Companies Act 2006, including United Kingdom Accounting Standards, comprising FRS 102 and tax regulatory compliance in the UK and other jurisdictions, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to breach of the financial reporting requirements of the Companies Act 2006 and non-compliance with regulation or laws relating to tax. Audit procedures performed by the engagement team included:

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Enquiry of and discussions with management and those charged with governance, including the review of Board minutes, for any known or suspected instances of fraud, non-compliance with laws and regulation and any potential or actual litigation or claims;
- Testing of journal entries demonstrating a fraud risk of management override of controls
- Testing of payroll deductions and corporation tax computations; and
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors; and
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation



# Independent auditors' report to the members of Digital Surgery Limited (continued)

## **Auditors' responsibilities for the audit of the financial statements (continued)**

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*Fong Johnson*

Fong Johnson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

27 January 2022

**DIGITAL SURGERY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

		Period from 25 APRIL 2020 TO 30 APRIL 2021	Period from 1 JANUARY 2019 TO 24 APRIL 2020
	Notes	£'000	£'000
<b>TURNOVER</b>	4	487	3,121
Administrative expenses		<u>(20,173)</u>	<u>(18,431)</u>
<b>OPERATING LOSS</b>	6	(19,686)	(15,310)
Interest receivable and similar income	7	11	88
Interest payable and similar expenses	7	<u>(1)</u>	<u>(18)</u>
<b>LOSS BEFORE TAXATION</b>		(19,676)	(15,240)
Tax on loss	8	<u>(162)</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<u>(19,838)</u>	<u>(15,240)</u>
<b>TOTAL COMPREHENSIVE EXPENDITURE FOR THE PERIOD</b>		<u>(19,838)</u>	<u>(15,240)</u>
 Total comprehensive expenditure attributable to owners of the company		<u>(19,838)</u>	<u>(15,240)</u>

The notes on pages 13 to 28 form part of these financial statements.

**DIGITAL SURGERY LIMITED (REGISTERED NUMBER: 07546735)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2021**

		30 Apr 2021		24 Apr 2020	
	Notes	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	9		595		105
Investments	10		-		20
			595		125
<b>CURRENT ASSETS</b>					
Debtors	11	858		1,874	
Cash at bank and in hand	17	12,215		9,227	
		13,073		11,101	
<b>CREDITORS</b>					
Amounts falling due within one year	12	(4,639)		(1,401)	
<b>NET CURRENT ASSETS</b>			8,434		9,700
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			9,029		9,825
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		-		(10)
<b>NET ASSETS</b>			9,029		9,815
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		-		-
Share premium account			41,381		41,381
Capital reserve			19,052		-
Accumulated losses			(51,404)		(31,566)
<b>TOTAL SHAREHOLDERS' FUNDS</b>			9,029		9,815

The financial statements were approved by the Board of Directors on 27 January 2022 and were signed on its behalf by:



J Nehme - Director

The notes on pages 13 to 28 form part of these financial statements.

**DIGITAL SURGERY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

	<b>Called up share capital</b>	<b>Accumulated losses</b>	<b>Share Premium</b>	<b>Share Option Reserve</b>	<b>Total Equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 January 2019</b>	-	(21,325)	20,155	1,584	414
Loss for the year and Total Comprehensive expenditure	-	(15,240)	-	-	(15,240)
<b>Changes in Equity</b>					
Issue of Share Capital	-	-	13,967	-	13,967
Increase in Share premium	-	-	7,259	-	7,259
Share Options Exercised	-	-	-	3,415	3,415
Share Option Reserve Transferred to Accumulated Losses	-	4,999	-	(4,999)	-
<b>Balance at 24 April 2020</b>	<u>-</u>	<u>(31,566)</u>	<u>41,381</u>	<u>-</u>	<u>9,815</u>
	<b>Called up share capital</b>	<b>Accumulated losses</b>	<b>Share Premium</b>	<b>Capital Reserve</b>	<b>Total Equity</b>
<b>Balance at 25 April 2020</b>	-	(31,566)	41,381	-	9,815
Loss for the year and Total Comprehensive expenditure	-	(19,838)	-	-	(19,838)
<b>Changes in Equity</b>					
Issue of Share Capital	-	-	-	-	-
Capital contribution	-	-	-	19,052	19,052
<b>Balance at 30 April 2021</b>	<u>-</u>	<u>(51,404)</u>	<u>41,381</u>	<u>19,052</u>	<u>9,029</u>

The notes on pages 13 to 28 form part of these financial statements.

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**1. STATUTORY INFORMATION**

Digital Surgery Limited ("the Company") is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. 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 United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

**Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention.

Throughout the financial statements, the period ended 30 April 2021 is from 25 April 2020 to 30 April 2021. Comparatives (period ended 24 April 2020) are for the period from 1 January 2019 to 24 April 2020.

**Significant judgements and estimates**

No significant judgements or estimates have been applied to the numbers contained within these financial statements.

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**3. ACCOUNTING POLICIES** *(continued)*

**Going concern**

Notwithstanding a net loss for the period of £19.8m (2020: £15.2m), the directors have prepared the financial statements on a going concern basis for the reasons set out below.

The parent contributed \$25m of capital during the year under review and will continue to provide funding for company expenditure into the foreseeable future.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity, certain disclosure exemptions, to a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation. The Company is a qualifying entity and has taken advantage of the below disclosure exemptions:

- (1) Exemption from the requirement to present a statement of cash flows,
- (2) Exemption from the financial instrument and share-based payments disclosure requirements to provide the equivalent disclosures included in the consolidated financial statements of the group in which the entity is consolidated,
- (3) Exemption from the requirement to disclose key management personnel compensation in total,
- (4) Exemptions from the requirement to prepare a reconciliation of the number of shares outstanding at the beginning and end of the period, and
- (5) Exemptions from requirement to disclose related party transactions.

**Consolidated financial statements**

The company is a wholly owned subsidiary of Covidien Group S.à r.l. and of its ultimate parent, Medtronic plc. It is included in the consolidated financial statements of Medtronic plc which are publicly available. The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Medtronic plc. The address of the parent's registered office is 20 On Hatch, Hatch Street Lower, Dublin 2, D02 XH02, Ireland.

These are the Company's separate financial statements.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**3. ACCOUNTING POLICIES (continued)**

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	33.33% on straight line
Office equipment	33.33% on straight line
Computer equipment	33.33% on straight line
Other Equipment	33.33% on straight line

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Tax credits disclosed on the income statement represents losses surrendered for research and development tax credits.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Financial instruments**

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other debtors, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**3. ACCOUNTING POLICIES (continued)**

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is 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 the statement of comprehensive income.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other 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.

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. Creditors are classified as current liabilities if payment is due within one year. 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires. Tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.



**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**3. ACCOUNTING POLICIES** *(continued)*

**Foreign currency**

**(i) Functional and presentational currency**

The Company financial statements are presented in pound sterling and its functional currency is pound sterling.

**(ii) Transactions and balances**

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost less any impairment.

**Hire purchase and leasing commitments**

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

**Research and development**

Research and development expenditure is written off in the year in which it is incurred.

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**4. TURNOVER**

An analysis of the Company's turnover is as follows:

	<b>Period from 25 April 2020 To 30 April 2021 £'000</b>	<b>Period from 1 January 2019 To 24 April 2020 £'000</b>
<b>Turnover analysed by class of sale</b>		
Development income	39	2,329
Recurring income	112	185
Other income	336	602
Application income	-	5
	<u>487</u>	<u>3,121</u>

	<b>Period from 25 April 2020 To 30 April 2021 £'000</b>	<b>Period from 1 January 2019 To 24 April 2020 £'000</b>
<b>Turnover analysed by geographical market</b>		
USA	90	2,247
EU	21	692
UK	376	163
UAE	-	19
	<u>487</u>	<u>3,121</u>

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

**5. EMPLOYEES AND DIRECTORS**

	<b>Period from 25 April 2020 To 30 April 2021 £'000</b>	<b>Period from 1 January 2019 To 24 April 2020 £'000</b>
Wages and salaries	12,321	8,866
Social security costs	1,243	1,237
Share-based payments	-	3,415
	<b>13,564</b>	<b>13,518</b>

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

	<b>Period from 25 April 2020 To 30 April 2021 No.</b>	<b>Period from 1 January 2019 To 24 April 2020 No.</b>
Administrative	12	13
Non-Administrative	125	98
Management	3	3
	<b>140</b>	<b>114</b>

**Directors' remuneration**

The directors aggregate remuneration in respect of qualifying services was:

	<b>Period from 25 April 2020 To 30 April 2021 £'000</b>	<b>Period from 1 January 2019 To 24 April 2020 £'000</b>
Remuneration	574	270
Social security costs	37	8
Share-based payments	-	885
	<b>611</b>	<b>1,163</b>

Two directors of the Company hold key management roles in the business and are included in the above totals.

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**5. EMPLOYEES AND DIRECTORS (CONTINUED)**

Information regarding the highest paid director for the year ended 30 April 2021 is as follows:

	Period from 25 April 2020 To 30 April 2021 £'000	Period from 1 January 2019 To 24 April 2020 £'000
Aggregate remuneration	306	581

**6. OPERATING LOSS**

The operating loss is stated after charging/(crediting) the following:

	Period from 25 April 2020 To 30 April 2021 £'000	Period from 1 January 2019 To 24 April 2020 £'000
Other operating leases	356	432
Depreciation	186	269
Loss on disposal of fixed assets	4	158
Trademarks amortisation	-	2
Software development amortisation	-	16
Foreign exchange differences	2,408	(1,174)
Share based payments	-	3,415

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**6. OPERATING LOSS (CONTINUED)**

**AUDITORS' REMUNERATION**

	<b>Period from 25 April 2020 To 30 April 2021 £'000</b>	<b>Period from 1 January 2019 To 24 April 2020 £'000</b>
Fees payable for the audit of the financial statements	<u>25</u>	<u>22</u>
Fees payable to the company's auditors and their associates for other services	<u>-</u>	<u>-</u>

**7. INTEREST RECEIVABLE/ (PAYABLE) AND SIMILAR INCOME/(EXPENSES)**

	<b>Period from 25 April 2020 To 30 April 2021 £'000</b>	<b>Period from 1 January 2019 To 24 April 2020 £'000</b>
Interest received	<u>11</u>	<u>88</u>
Interest payable	<u>(1)</u>	<u>(18)</u>

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**8. TAX ON LOSS**

The Company taxable losses are subject to tax at a rate of 19% (2020:19%):

	Period from 25 April 2020 To 30 April 2021 £'000	Period from 1 January 2019 To 24 April 2020 £'000
Loss excluding taxation	(19,676)	(15,240)
Tax credit using the corporation tax rate of 19% (2020: 19%)	(3,738)	(2,896)
Non-deductible expenses	31	(4,690)
Effect of capital allowances	(112)	(16)
Deferred tax asset not recognised in the reporting period	3,819	7,602
Prior period adjusted R&D Tax Credit	162	-
Taxation on loss for the year	162	-

The Company has tax losses amounting to £78m (2020: £58m) available for offset against future taxable profits. The Company has a net potential deferred tax asset of £15m (2020: £11m), representing tax losses available to offset against future profit from the same trade and other short-term timing differences. The potential asset has not been recognised in these financial statements because there is insufficient certainty as to the incidence and timing of future taxable profits against which losses might be offset.

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

**9. TANGIBLE ASSETS**

	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Other Equipment £'000	Software £'000	Totals £'000
<b>COST</b>						
At 25 April 2020	15	-	121	30	-	166
Additions	3	18	605	-	53	679
Disposals	-	-	-	(3)	-	(3)
At 30 April 2021	18	18	726	27	53	842
<b>ACCUMULATED DEPRECIATION</b>						
At 25 April 2020	12	-	47	2	-	61
Charge for the period	4	3	160	9	10	186
At 30 April 2021	16	3	207	11	10	247
<b>Net Book Value</b>						
At 30 April 2021	2	15	519	16	43	595
At 24 April 2020	3	-	74	28	-	105

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

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**10. INVESTMENTS**

	<b>Shares in company undertaking £'000</b>
<b>COST</b>	
At 25 April 2020	20
Additions	-
Disposals	<u>(20)</u>
At 30 April 2021	<u>-</u>
<b>NET BOOK VALUE</b>	
At 30 April 2021	<u>-</u>
At 24 April 2020	<u>20</u>

Touch Surgery Inc. and Touch Surgery (Canada) Inc were disposed of during the period under review on 30 October 2020.



**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

**11. DEBTORS**

	Period from 25 April 2020 To 30 April 2021 £'000	Period from 1 January 2019 To 24 April 2020 £'000
Trade debtors	32	24
Amounts owed by group undertakings	24	-
Other debtors	-	179
Tax repayable	-	656
VAT	131	301
Prepayments and accrued income	671	715
	<u>858</u>	<u>1,875</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Period from 25 April 2020 To 30 April 2021 £'000	Period from 1 January 2019 To 24 April 2020 £'000
Trade creditors	49	229
Salaries payable	1,654	358
Amounts owed to Group undertakings	237	105
Taxation and social security	813	261
Finance lease	9	11
Other Creditors	604	-
Accruals and deferred income	1,273	437
	<u>4,639</u>	<u>1,401</u>

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2020 TO 30 APRIL 2021**

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Period from 25 April 2020 To 30 April 2021 £'000	Period from 1 January 2019 To 24 April 2020 £'000
Finance lease	-	10
	<u>-</u>	<u>10</u>

The finance lease relates to a hire purchase agreement on computer equipment.

**FINANCE LEASES**

	Period from 25 April 2020 To 30 April 2021 £'000	Period from 1 January 2019 To 24 April 2020 £'000
The future minimum finance lease payments are as follows:		
Not later than one year	9	11
Later than one year and not later than five years	-	10
Total gross payments	<u>9</u>	<u>21</u>
Less: finance charges	-	(1)
Carrying amount of liability	<u>9</u>	<u>20</u>

**14. CALLED UP SHARE CAPITAL**

	Period from 25 April 2020 To 30 April 2021 £'000	Period from 1 January 2019 To 24 April 2020 £'000
<b>Ordinary share capital</b>		
Issued and fully paid		
10,861,375 Ordinary shares of £0.000001 each	<u>0</u>	<u>0</u>
<b>Preference share capital</b>		
Issued and fully paid		
8,607,100 A Preferred shares of £0.000001 each	0	0
3,894,500 B Preferred shares of £0.000001 each	0	0
10,908,343 C Preferred shares of £0.000001 each	<u>0</u>	<u>0</u>

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2021**

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**15. RELATED PARTY TRANSACTIONS**

The Company is exempt from disclosing related party transactions entered into between the members of its group as the other members of the group are also wholly owned.

There were no other related party transactions during the period outside of the group.

**16. OPERATING LEASES**

The total future lease payments under non-cancellable operating leases are as follows:

	Period from 25 April 2020 To 30 April 2021 £'000	Period from 1 January 2019 To 24 April 2020 £'000
Not later than 1 year	354	171
Later than 1 year and not later than 5 years	148	-
	<u>502</u>	<u>171</u>

During the period £0.36m was recognised as an expense in profit and loss account in respect of operating leases (2020: £0.4m).

**DIGITAL SURGERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2021**

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**17. CASH AT BANK AND IN HAND**

The amounts disclosed are in respect of the Statement of Financial Position amounts:

	Period from 25 April 2020 To 30 April 2021 £'000	Period from 1 January 2019 To 24 April 2020 £'000
Cash and cash equivalents	<u>12,215</u>	<u>9,227</u>

**18. ULTIMATE CONTROLLING PARTY**

The immediate parent undertaking is Covidien Group S.à r.l. The ultimate controlling party is Medtronic plc.

The most senior parent entity producing publicly available financial statements is Medtronic Plc. These financial statements are available upon request from [www.medtronic.com](http://www.medtronic.com)