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Company Registration No. 08187340 (England and Wales)

CHEMICAL INTELLIGENCE LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2021

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CHEMICAL INTELLIGENCE LIMITED

COMPANY INFORMATION

Director	R T Gros
Company number	08187340
Registered office	Part First Floor Bateman House 82-88 Hills Road Cambridge CB2 1LQ England
Auditor	Peters Elworthy & Moore Salisbury House Station Road Cambridge CB1 2LA

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CHEMICAL INTELLIGENCE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The director presents the strategic report for the year ended 31 August 2021.

Review of the business

Chemical Intelligence is a research and development company where expert scientists create new technologies for Medical Devices. Our mission is to advance science in practical applications and licence technologies to allow them to achieve their potential. We have developed breakthrough antimicrobial technology in our X111 dye which we have licenced to Hartalega for use in their medical examination gloves (AMG).

The second half of the 2020 financial year saw the world face the COVID-19 pandemic. The business adapted well to this challenge by utilising our established network and global supply chain to further the business by providing critical personal protective equipment. This in turn benefited the UK healthcare industry, as well as expanding the business, and increased our revenues as a result.

In this financial year, revenue decreased but remained strong as a result of further sales of our X111 dye and we expect a steady increase in sales in this regard. We are also working on applying our technologies to other applications including facemasks, gowns, drapes and packing materials.

The company made good progress during this period with our anti-viral mask being registered as a class 1 medical device in UK and Europe in April 21. This is expected to be commercialised during the next financial year. Further applications have also continued to be developed.

With the expansion of the business, our headcount increased from 3 to 8.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are discussed below:

Financial risk management

Credit risk

The company is exposed to credit risk from credit sales. It is our policy to assess the credit risk of customers and to factor the information from this assessment into future dealings with those customers, therefore mitigating the risk. The company also requires significant upfront payments from customers to cover ongoing project costs and operates stringent credit control procedures.

Liquidity risk

The company actively manages its finances by reviewing cash flows, performance against budget and the availability of working capital to ensure that it has sufficient available funds for its operations.

Interest rate risk

The company monitors all interest bearing assets and liabilities and their financial impact.

Foreign exchange risk

The company is exposed to foreign exchange fluctuation risk through expanding activities with overseas customers. The group mitigates these risks by denominating contracts in stable currencies, monitoring foreign exchange movements and planning accordingly.

COVID-19

The global pandemic has impacted companies across the globe and the company is not immune from this despite being in a sector that has proved relatively resilient to the social and economic changes it has caused. The company found that there was additional risk with international shipping during this period and the high demand of goods meant there was limited availability for freight with additional restrictions in place due to COVID-19 sometimes causing additional delays. We overcame this by establishing strong relationships with freight suppliers and changed the way in which we managed our logistics. We also kept open lines of communications with our customers in order to make sure expected delivery times were transparent from the outset. The business also adapted well to the workplace restrictions that were put in place due to the pandemic and the company adopted a remote working practice in order to allow employees to continue their work with minimal disruption whilst working from home.

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CHEMICAL INTELLIGENCE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Operational risk management

Project risk

No exceptional project risks were identified in this period. However, the company continues to introduce innovations into highly regulated commercial environments. Commercial and/or Regulatory acceptance of such innovations can never be guaranteed. The company proactively manages such risks and evaluates opportunities and compliance.

Management and staff risk

The business has increased employee numbers during the period which helps mitigate the risks inherent in a rapidly growing business and reduce reliance on a few key individuals. Employee engagement initiatives are being put into place to improve staff retention and build a stable knowledge base, which should provide further longer term resilience.

Financial key performance indicators

The director uses a number of performance indicators, both financial and non-financial. Of primary importance to the successful management of the business is daily monitoring of turnover and gross margins by customer.

	31 August 2021	31 August 2020 Restated	31 August 2019 Restated	31 August 2018 Restated
	£	£	£	£
Turnover	85,714,149	90,259,132	620,403	309,031
Gross profit	34,172,826	34,336,693	392,775	19,059
Gross profit %	39.9%	38.0%	63.3%	6.2%
Administrative expenses	3,392,572	1,776,069	1,139,488	259,815
Administrative expenses % sales	4.0%	2.0%	183.7%	84.1%

	31 August 2021	31 August 2020 Restated	31 August 2019 Restated	31 August 2018 Restated
	£	£	£	£
Operating profit/(loss)	30,780,254	32,560,624	(753,107)	(213,126)
Depreciation	157,172	49,624	68,125	34,306
EBITDA	30,937,426	32,610,248	(684,982)	(178,820)

Director's duties in relation to s172 Companies Act 2006

The director of the company has a duty to promote the success of the company. The director of the company must act in the way they consider, in good faith, to promote the success of the company for the benefit of its members, and in doing so have regard (amongst other matters) to:

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

The director is committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risks and internal controls.

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Director's duties in relation to s172 Companies Act 2006 (continued)
We describe how the director considers these factors in their decision making below:

Employees
- Our employees help maintain a competitive advantage and meet the changing demands of the industry. We actively engage to ensure that we are fostering an environment that they are happy to work in. The director and the managers maintain open communications with the team and engage in monthly catch up meetings with direct reports where any issues can be raised.

Suppliers
- Our suppliers are fundamental to the quality of the service provided and to ensure that the company meets the high standard of conduct required. We engage regularly with our suppliers and also make sure we are constantly reviewing our suppliers with other suppliers on the market to make sure they remain competitive so that this in turn can be passed on to our customers.

Customers
- Our customers generate value and a positive reputation in the business. We build strong lines of communications with our customers in order to understand their needs and we arrange regular catch ups with key personnel in order to maintain that line of communication and allow a forum for them to raise any queries or concerns.

Long term consequences of actions
The director always considers the possible long-term consequences of any proposed course of action, including safety and financial impacts and reputation with all stakeholders. The director believes strongly that the long-term relationship that we have with the majority of our clients, and the experience of much of the leadership team, enabled the business to survive the unprecedented COVID-19 lockdown in good shape.

The interests of the company's employees
2020/21 was an exceptional year in many ways, and it tested our employees in many new ways. We have been delighted by the positive way in which our team has responded to the challenges, and the level of engagement they have demonstrated.

Relationships with supplies and customers
The company specialises in working with regulated contractors, where contracts typically run for at least five years and relationships often far longer. The company enjoys constructive relationships with its customers based largely on the values that, although only recently written down, have long been part of who we are. We aim to have multiple points of contact with each client to ensure that we remain aligned with their expectations. Our independence as a business allows us to prioritise senior relationship-building, making sure that we are accessible, and committed to doing what we say.

Our supplier base is wide and includes frameworks negotiated by our clients as well as ourselves. As with our customers, many relationships are long-standing, and we recognise the importance of our supply chain to the success of the business. We aim to treat all suppliers equally, and most importantly to pay them in line with contractual terms.

Impact on the community and the environment
Our business is developing novel technologies and producing products that impact not just the healthcare industry but the wider community as a whole by minimizing the spread of viruses.

Our business model as a whole has very little impact on the environment.

We continue to expand our operations at our technical facility in Daresbury, Cheshire. Daresbury is in the borough of Halton, which is in the bottom 10% of deprived local authority areas in England. In this period, we have increased headcount from one to three, and will continue to provide further employment opportunities here.

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CHEMICAL INTELLIGENCE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Business conduct
As outlined in the statements above, the director of the company places a high value on the reputation of the business.

Acting fairly between members
The business has a sole shareholder who is also the sole director. This individual makes decisions regarding the running of the business.

On behalf of the board

.....
R T Gros
Director

Date: 30.5.22

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CHEMICAL INTELLIGENCE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The director presents his annual report and financial statements for the year ended 31 August 2021.

Principal activities
The principal activity of the company continued to be that of developing intellectual property around antimicrobial technologies.

Results and dividends
The results for the year are set out on page 10.

During the year dividends amounting to £Nil (2020: £420,000) were paid. Subsequent to the year end, on the 24 January 2022, the company paid a cash dividend of £7,000,000, and on the 31 March 2022 paid a further dividend of £40,000,000. These dividends have not been provided for in these financial statements.

Director
The director who held office during the year and up to the date of signature of the financial statements was as follows:

R T Gros

Future developments
Despite the uncertainties faced in 2020/21 from the global pandemic, the business performed robustly and has strong momentum going into 2022 from new, large contract wins and expansion of the existing activity.

Subsequent to the year end, on the 25 January 2022 the company's entire share capital was purchased via a share for share exchange by BMG (British Medical Group) Limited, a company incorporated in the United Kingdom.

Auditor
Peters Elworthy & Moore were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon reporting
As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Strategic report
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Director's Report. It has done so in respect of the financial and operational risk management of the company.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

.....

R T Gros
Director
Date: 30-5-22

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CHEMICAL INTELLIGENCE LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

The director is responsible for preparing the Strategic Report and the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 these financial statements, the director is required to:

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

The director is 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. He is 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEMICAL INTELLIGENCE LIMITED

Opinion

We have audited the financial statements of Chemical Intelligence Limited (the 'Company') for the year ended 31 August 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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.

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

Other information

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

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Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 require us to report to you if, in our opinion:

- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made: or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with the director and other management, and from our knowledge and experience of the sector;
- we obtained an understanding of the legal and regulatory framework applicable to the Company and how the Company is complying with that framework;
- we obtained an understanding of the Company's policies and procedures on compliance with laws and regulations, including documentation of any instances of non-compliance;
- we identified which laws and regulations were significant in the context of the Company. The Laws and regulations we considered in this context were Companies Act 2006 and taxation legislation. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items;
- in addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Company's ability to operate or to avoid material penalty; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we;

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policy were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilties. This description forms part of our Auditors' Report.

Other matters - comparatives

The financial statements of Chemical Intelligence Limited were unaudited for the year ended 31 August 2020 as the Company was small and eligible for audit exemption. Accordingly the comparative information has not been subject to audit.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

.....

Sean McCann (Senior Statutory Auditor)
for and on behalf of

PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 30 May 2022

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CHEMICAL INTELLIGENCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2020 Unaudited and restated £
Turnover	4	85,714,149	90,259,132
Cost of sales		(51,541,323)	(55,922,439)
Gross profit		34,172,826	34,336,693
Administrative expenses		(3,392,572)	(1,776,069)
Operating profit	7	30,780,254	32,560,624
Interest receivable and similar income	9	171,763	4,605
Interest payable and similar expenses	10	(99,533)	(3,598)
Other gains and losses	11	(312,008)	-
Profit before taxation		30,540,476	32,561,631
Tax on profit	12	(6,108,541)	(6,072,092)
Profit for the financial year		24,431,935	26,489,539

The notes on pages 14 to 27 form part of these financial statements.

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Company Registration No. 08187340

CHEMICAL INTELLIGENCE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021

	Notes	2021 £	2021 £	2020 Unaudited and restated £	2020 Unaudited and restated £
Fixed assets					
Tangible assets	**14**		580,086		372,647
Investments	**15**		677,986		-
			1,258,072		372,647
Current assets					
Stocks	**16**	-		99,030	
Debtors	**17**	12,011,970		107,881,070	
Cash at bank and in hand		46,188,252		18,495,716	
		58,200,222		126,475,816	
Creditors: amounts falling due within one year	**18**	(9,737,700)		(101,615,380)	
Net current assets			48,462,522		24,860,436
Total assets less current liabilities			49,720,594		25,233,083
Provisions for liabilities	**19**		(60,766)		(5,190)
Net assets			49,659,828		25,227,893
Capital and reserves					
Called up share capital	**22**		1		1
Profit and loss reserves			49,659,827		25,227,892
Total equity			49,659,828		25,227,893

The notes on pages 14 to 27 form part of these financial statements.

The financial statements were approved and signed by the director and authorised for issue on 30-5-22.

R T Gros
Director

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CHEMICAL INTELLIGENCE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
As restated for the period ended 31 August 2020:				
Balance at 1 September 2019 (unaudited)		1	84,556	84,557
Effect of prior period adjustment		-	(926,203)	(926,203)
As restated		1	(841,647)	(841,646)
Year ended 31 August 2020 (unaudited):				
Profit and total comprehensive income for the year (restated)		-	26,489,539	26,489,539
Dividends	13	-	(420,000)	(420,000)
Balance at 31 August 2020 (unaudited and restated)		1	25,227,892	25,227,893
Year ended 31 August 2021:				
Profit and total comprehensive income for the year		-	24,431,935	24,431,935
Balance at 31 August 2021		1	49,659,827	49,659,828

The notes on pages 14 to 27 form part of these financial statements.

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CHEMICAL INTELLIGENCE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2021 £	2020 Unaudited and restated £	2020 Unaudited and restated £
Cash flows from operating activities					
Cash generated from operations	23		46,695,083		18,395,562
Interest paid			(99,533)		(3,598)
Income taxes (paid)/refunded			(6,523,771)		6,551
Net cash inflow from operating activities			40,071,779		18,398,515
Investing activities					
Purchase of tangible fixed assets		(364,611)		(256,260)	
Purchase of investments		(989,994)		-	
Other investments and loans made		(11,196,401)		(200,000)	
Interest received		171,763		4,605	
Net cash used in investing activities			(12,379,243)		(451,655)
Financing activities					
Dividends paid		-		(420,000)	
Net cash used in financing activities			-		(420,000)
Net increase in cash and cash equivalents			27,692,536		17,526,860
Cash and cash equivalents at beginning of year			18,495,716		968,856
Cash and cash equivalents at end of year			46,188,252		18,495,716

The notes on pages 14 to 27 form part of these financial statements.

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1 Accounting policies

Company information
Chemical Intelligence Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Part First Floor, Bateman House, 82-88 Hills Road, Cambridge CB2 1LQ.

The company's principal activities and nature of its operations are disclosed in the Director's report.

Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern
At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the director continues to adopt the going concern basis of accounting in preparing the financial statements.

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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Royalty income is recognised on an accruals basis and is presented within turnover.

Research and development expenditure
Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated. Capitalised expenses are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

CHEMICAL INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% per annum on cost
Fixtures and fittings	20% per annum on cost
Motor vehicles	25% per annum on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments
Listed investments are valued at the quoted bid price at the reporting date.

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

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

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

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 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.

Basic financial assets
Basic financial assets, which include trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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1 Accounting policies (Continued)

Other financial assets

Other financial assets, including trade investments, 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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or 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 trade and other creditors, 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.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

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1 Accounting policies (Continued)

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases
Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Foreign exchange
Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

CHEMICAL INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no critical accounting estimates or judgements used in the preparation of these financial statements.

3 Prior period adjustment

Following the company's first statutory audit in the year ending 31 August 2021, several adjustments to the previously reported financial statements have been made. The impact of these adjustments on the previously reported financial statements is as follows:

Changes to the statement of financial position

	As previously reported	Adjustment at 1 Sep 2019	Adjustment at 31 Aug 2020	As restated at 31 Aug 2020
	£	£	£	£
Current assets				
Debtors due within one year	62,625,396	-	45,255,674	107,881,070
Creditors due within one year				
Corporation tax	(6,562,817)	241,067	573,168	(5,748,582)
Trade creditors	(12,552,253)	-	(561,602)	(13,113,855)
Accruals and deferred income	(33,973,453)	(1,167,270)	(47,608,389)	(82,749,112)
Net assets	28,495,245	(926,203)	(2,341,149)	25,227,893
Capital and reserves				
Profit and loss	28,495,244	(926,203)	(2,341,149)	25,227,892

Changes to the statement of comprehensive income

Period ended 31 August 2020	As previously reported	Adjustment	As restated
	£	£	£
Turnover	89,689,217	569,915	90,259,132
Cost of sales	(52,359,312)	(3,563,127)	(55,922,439)
Taxation	(6,724,155)	652,063	(6,072,092)
Profit for the financial period	28,830,688	(2,341,149)	26,489,539

CHEMICAL INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

3 Prior period adjustment (Continued)

Notes to reconciliation

Reclasification of credit note
A credit note which was previously netted off within creditors has been reclassified to be included within debtors.

Cut-off anomaly
An adjustment has been made to trade debtors, trade creditors, and cost of sales to rectify an anomaly arising as part of the 2020 year end cut off. Additionally, prepayments, accruals and cost of sales have been adjusted to rectify a similar cut off anomaly where goods purchased, with subsequent onward customer invoicing, were only supplied in part at the 31 August 2020.

Royalty income recognition
Royalty income received in advance of the supply of goods in both the financial year to 31 August 2019 and 31 August 2020 has been recalculated to defer the income across the period of the supply on a more accurate basis. This has led to an adjustment to deferred income and turnover in both 2020 and 2019, with an impact on retained earnings brought forward at 1 September 2019 of £1,167,270.

Taxation
The estimated tax impact on the adjustments noted above has been calculated at a rate of 19% of the increase or decrease in profit or loss in the year in which the adjustment has been made. In total there has been a decrease to the corporate tax provision of £809,777 based on these figures.

4 Turnover and other revenue

	2021	2020 Unaudited and restated
	£	£
Turnover analysed by class of business		
Sale of goods	85,623,491	90,203,410
Royalties	90,658	55,722
	85,714,149	90,259,132

	2021	2020 Unaudited and restated
	£	£
Turnover analysed by geographical market		
Europe	84,909,089	89,002,954
Outside of the European Economic Community	805,060	1,256,178
	85,714,149	90,259,132

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CHEMICAL INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

5 Employees

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

	2021 Number	2020 Unaudited Number
	5	2

Their aggregate remuneration comprised:

	2021 £	2020 Unaudited £
Wages and salaries	291,059	83,957
Social security costs	38,102	14,920
Pension costs	5,894	3,847
	335,055	102,724

6 Director's remuneration

	2021 £	2020 Unaudited £
Remuneration for qualifying services	78,018	30,657

The director did not accrue retirement benefits during the year (2020: £Nil, unaudited).

7 Operating profit

Operating profit for the year is stated after charging:	2021 £	2020 Unaudited £
Exchange differences	294,096	169,351
Research and development costs	190,993	500,789
Fees payable to the company's auditor for the audit of the company's financial statements	23,350	-
Depreciation of owned tangible fixed assets	157,172	49,624
Operating lease charges	66,255	52,213

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CHEMICAL INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

8 Auditor's remuneration

	2021	2020 Unaudited
Fees payable to the company's auditor and its associates:	£	£
For audit services		
Audit of the financial statements of the company	23,350	-
For other services		
Other taxation services	1,275	-

9 Interest receivable and similar income

	2021	2020 Unaudited
	£	£
Interest income		
Interest on bank deposits	2,217	4,605
Other interest income	169,546	-
Total income	171,763	4,605

10 Interest payable and similar expenses

	2021	2020 Unaudited
	£	£
Other finance costs:		
Other interest	99,533	3,598

11 Other gains and losses

	2021	2020 Unaudited
	£	£
Other gains and losses	(312,008)	-

The loss in the current year relates to a valuation change in the listed investments held by the company.

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CHEMICAL INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

12 Taxation

	2021	2020 Unaudited and restated
	£	£
Current tax		
UK corporation tax on profits for the current period	6,120,466	6,158,545
Adjustments in respect of prior periods	(67,501)	67,267
Double tax relief	(7,253)	(83,353)
Total UK current tax	6,045,712	6,142,459
Foreign current tax on profits for the current period	7,253	(83,353)
Total current tax	6,052,965	6,059,106
Deferred tax		
Origination and reversal of timing differences	53,937	16,814
Changes in tax rates	1,639	(453)
Adjustment in respect of prior periods	-	(3,375)
Total deferred tax	55,576	12,986
Total tax charge	6,108,541	6,072,092

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021	2020 Unaudited and restated
	£	£
Profit before taxation	30,540,476	32,561,631
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	5,802,690	6,186,710
Tax effect of expenses that are not deductible in determining taxable profit	359,007	-
Adjustments in respect of prior years	(67,501)	67,267
Effect of change in corporation tax rate	14,584	-
Double tax relief	-	(166,706)
Research and development tax credit	-	(15,179)
Fixed asset differences	(239)	-
Taxation charge for the year	6,108,541	6,072,092

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12 Taxation (Continued)

In March 2021, the Finance Bill was announced and was substantively enacted on 24 May 2021. This included legislation that the UK tax rate will increase to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, where deferred tax is recognised, it is at a rate of 25% in the current year (2020: 19%).

13 Dividends

	2021	2020 Unaudited
	£	£
Interim paid	-	420,000

14 Tangible fixed assets

	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 September 2020 (unaudited)	11,707	60,880	406,656	479,243
Additions	-	13,618	350,993	364,611
At 31 August 2021	11,707	74,498	757,649	843,854
Depreciation and impairment				
At 1 September 2020 (unaudited)	3,738	31,056	71,802	106,596
Depreciation charged in the year	2,342	10,376	144,454	157,172
At 31 August 2021	6,080	41,432	216,256	263,768
Carrying amount				
At 31 August 2021	5,627	33,066	541,393	580,086
At 31 August 2020 (unaudited)	7,969	29,824	334,854	372,647

15 Fixed asset investments

	2021	2020 Unaudited
	£	£
Listed investments	677,986	-
Listed investments carrying amount	677,986	-

CHEMICAL INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

15 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 September 2020 (unaudited)	-
Additions	989,994
Valuation changes	(312,008)
At 31 August 2021	677,986
Carrying amount	
At 31 August 2021	677,986
At 31 August 2020 (unaudited)	-

16 Stocks

	2021 £	2020 Unaudited £
Raw materials and consumables	-	99,030

17 Debtors

Amounts falling due within one year:	2021 £	2020 Unaudited and restated £
Trade debtors	191,340	63,901,153
Other debtors	11,573,262	2,993,297
Prepayments and accrued income	247,368	40,986,620
	12,011,970	107,881,070

Included within other debtors are loans provided by the company with a balance at the year end of £2,717,222 (2020: £999,250, unaudited). Interest accrued on these loans included within other debtors is £97,222 (2020: £Nil, unaudited).

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CHEMICAL INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

18 Creditors: amounts falling due within one year

	2021	2020 Unaudited and restated
	£	£
Trade creditors	1,497,590	13,113,855
Corporation tax	5,277,776	5,748,582
Other taxation and social security	10,766	3,335
Other creditors	1,397	496
Accruals and deferred income	2,950,171	82,749,112
	9,737,700	101,615,380

19 Provisions for liabilities

	Notes	2021	2020 Unaudited
		£	£
Deferred tax liabilities	20	60,766	5,190

20 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

Balances:	Liabilities 2021	Liabilities 2020 Unaudited
	£	£
Accelerated capital allowances	61,116	5,284
Short term timing differences	(350)	(94)
	60,766	5,190

Movements in the year:	2021
	£
Liability at 1 September 2020 (unaudited)	5,190
Charge to profit or loss	55,576
Liability at 31 August 2021	60,766

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21 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 Unaudited £
Charge to profit or loss in respect of defined contribution schemes	5,894	3,847

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end, pension contributions of £1,397 (2020: £496, unaudited) are outstanding and included within other creditors.

22 Share capital

Ordinary share capital	2021 Number	2020 Unaudited Number	2021 £	2020 Unaudited £
Issued and fully paid				
Ordinary shares of £1 each	1	1	1	1

The ordinary share carries the right to vote, to receive dividends and, in the event of winding up, a capital distribution.

23 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	24,431,935	26,489,539
Adjustments for:		
Taxation charged	6,108,541	6,072,092
Finance costs	99,533	3,598
Investment income	(171,763)	(4,605)
Depreciation and impairment	1,107,484	49,624
Other gains and losses	312,008	-
Movements in working capital:		
Decrease/(increase) in stocks	99,030	(99,030)
Decrease/(increase) in debtors	106,115,189	(106,809,597)
(Decrease)/increase in creditors	(91,406,874)	92,693,941
Cash generated from operations	46,695,083	18,395,562

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24 Analysis of changes in net funds

	1 September 2020 Unaudited	Cash flows	31 August 2021
	£	£	£
Cash at bank and in hand	18,495,716	27,692,536	46,188,252

25 Operating lease commitments

Lessee

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

	2021	2020 Unaudited
	£	£
Within one year	43,012	-
Between one and five years	104,055	-
	147,067	-

26 Related party transactions

Transactions with related parties

At the year end, £2,852,528 (2020: £118,085, unaudited) was owed by companies under common control.

Also at the year end, £5,993,674 (2020: £194,343, unaudited) was owed by the director of the company.

The company deems its only key management personnel to be the director, therefore the remuneration of key management personnel is as disclosed in note 6.

27 Events after the reporting date

Subsequent to the year end, on the 25 January 2022 the company's entire share capital was purchased via a share for share exchange by BMG (British Medical Group) Limited, a company incorporated in the United Kingdom.

28 Ultimate controlling party

As at the 31 August 2021 the company was wholly owned by the director, Robert Gros.

As noted above, on the 25 January 2022 the company's entire share capital was purchased via a share for share exchange by BMG (British Medical Group) Limited, and as of this date BMG (British Medical Group) Limited became the immediate and ultimate parent company. BMG (British Medical Group) Limited will be the smallest and largest group for which consolidated accounts including Chemical Intelligence Limited are prepared.

BMG (British Medical Group) Limited is wholly owned by the director, Robert Gros who remains as the ultimate controlling party of Chemical Intelligence Limited.

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