Company Number: 08724168

# Phimedix Plc

## Report and Accounts
## for the year ended 31 March 2021

## Phimedix Plc

### Year ended 31 March 2021

**Contents**

## Company Information

| | |
|---|---|
| **Directors** | Nicholas Christian Paul Nelson<br>Ajay Kumar Rajpal |
| **Registered Office** | Finsgate, 5-7 Cranwood Street<br>London<br>EC1V 9EE |
| **Company Number** | 08724168 |
| **Company Secretary** | International Registrars Limited<br>5-7 Cranwood Street<br>London<br>EC1V 9EE |
| **Nominated Adviser** | SPARK Advisory Partners Limited<br>5 St. John's Lane<br>London<br>EC1M 4BH |
| **Broker** | SI Capital Limited<br>46 Bridge Street<br>Godalming<br>Surrey<br>GU7 1HL |
| **Solicitors** | Bracher Rawlins<br>77 Kingsway<br>London<br>WC2B 6SR |
| **Registrars and Receiving Agents** | Neville Registrar Limited<br>Neville House<br>18 Laurel Lane<br>Halesowen<br>B63 3DA |
| **Auditors** | Jeffreys Henry LLP<br>Finsgate, 5-7 Cranwood Street<br>London<br>EC1V 9EE |

# Phimedix Plc

## Year ended 31 March 2021

### Director's Statement

**Summary**

Following the transformation of the Company to a Rule 15 cash shell, in accordance with the AIM rules, on 11 March 2020, the Company was severely affected by the onset of the pandemic, and the resulting lockdowns and restrictions a few weeks later. The Company had 6 months from 11 March 2020 to complete an acquisition that would constitute a reverse takeover, however, the effects of the above severely restricted the Board's ability to find a suitable acquisition target in the required timescale.

The disruption caused by the restrictions implemented by the Government were in place for most of the period that the Company had available to find a suitable acquisition target, which created a significant disruption to the Boards activities. As a result, trading in the Company's ordinary shares were suspended in September 2020.

Nevertheless, the Board continued with the search for an acquisition, and in early 2021, discussions progressed with a target in the life sciences sector. The Company secured a loan from a substantial shareholder, to fund the due diligence costs of the proposed acquisition. Following a period of due diligence, the target withdrew from the proposed transaction due to external factors. In order to mitigate the Company's position, the Board managed to novate the loan and associated due diligence costs paid to date, to the target.

Under the AIM rules, the Company did not manage to complete an acquisition in the 6 months following suspension of trading in its shares, and accordingly, the London Stock Exchange cancelled admission of the Company's shares to trading on AIM.

**Results** (Note: all figures are rounded)

The Company has reported a total comprehensive loss of £94K [2020: loss £204K] for the year.

The cash position at the year-end was £84K [2020: £348K].

**Outlook**

Following the cancellation from trading on AIM, the future for the Company is uncertain. It will be difficult to raise new funds for the Company, which will restrict the options available. The Board will continue to seek acquisition opportunities whilst reviewing other options.

The Board will review the options available to the Company, and will keep shareholders updated as and when appropriate.

Nicholas Nelson

**Nicholas Nelson**
**Acting Chairman**
**21 December 2021**

## Directors and officers

The current board of Phimedix Plc ("Company") consists of two directors.

**Nicholas Christian Paul Nelson, Director, aged 56**
Commenced his career as a securities dealer on the floor of the London Stock Exchange in 1985. This developed into a 13 year career in investment management. In 1998 he moved into the Financial PR industry and over 14 years, handled the corporate communications matters to smaller quoted companies operating in multiple sectors. During this period, Nicholas handled the Financial PR aspects of some 150 AIM and Aquis Stock Exchange ("Aquis") IPOs. He has held directorships with six AIM-quoted companies and two Aquis Exchange companies. Nicholas has considerable hands on experience of all day to day matters relating to shareholder reporting, PLC management, sales and strategy.

**Ajay Kumar Rajpal, Non-executive director, aged 52**
Ajay Rajpal is a Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales. Mr. Rajpal has a background in cross-border mergers and acquisitions, financial management and corporate recovery. Mr. Rajpal qualified with Arthur Andersen, and has worked for Smith Industries plc, as well as a number of other international firms.

## Strategic Report

**Review of the business and Outlook**
The Company was not able to complete a transaction that would have constituted a reverse takeover in the required timeframe, and trading in the Company's shares was subsequently cancelled from trading on AIM.

Following the cancellation from trading on AIM, the future for the Company is uncertain. It will be difficult to raise new funds for the Company, which will restrict the options available.

The Board will review the options available to the Company, and will keep shareholders updated as and when appropriate.

**Principal Risks and Uncertainties**
The Directors continually monitor, identify and manage the risks and uncertainties affecting the Company. Risk is inherent in all businesses. Set out below are the major risk factors which could have an impact on the Company's long-term performance and the mitigating factors adopted to alleviate these risks. This list does not purport to be an exhaustive summary of the risks affecting the Company.

***Strategic risk***
The Company was unable to complete an acquisition in the required timescales, and accordingly, admission to trading on AIM was cancelled on 12 March 2021. The Company will be reviewing its strategic options, however, the current situation remains uncertain.

***Liquidity Risk***
The Directors have reviewed the working capital forecasts for the Company and there are limited funds available currently. The Company will be reviewing its options, which will be limited given the level of funds on hand, and the ability to raise more funds will be limited.

**Covid-19 Outbreak**
The company acknowledges the Covid-19 outbreak and the impact of it on the global economy. The Company was severely affected by the onset of the pandemic, which created delay and uncertainty whilst it was looking for an acquisition target.

**Financial and capital risk management**
The Company has adopted various financial capital risk management policies and procedures which are set out in Note 15 to the financial statements.

**Key Performance Indicators**
The only key performance indicator currently used by the Company as a cash shell is the identification of a reverse acquisition target.

These are addressed in the Director's Statement.

**Section 172 Statement**

The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to 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 maintaining a reputation for high standards of business conduct; and
• the need to act fairly between members of the Company.

The Board recognises that the long-term success of the Phimedix plc requires positive interaction with its stakeholders. Positive engagement with stakeholders will enable our stakeholders to better understand the activities, needs and challenges of the business and enable the Board to better understand and address relevant stakeholder views which will assist the Board's in its decision making and to discharge its duties under Section 172 of the Companies Act 2006.

In the following section we identify our key stakeholders, how we engage with them and key activities we have undertaken during the period in question:

**Our Shareholders**

The Company endeavours to keep shareholders updated on regulatory matters, and is committed to provide transparent information to them, both through the annual report and ad-hoc communications.

**Our Employees**

The Company believes that good staff morale engenders increased efficiency and loyalty, and hence promotes staff welfare and well-being. Staff needs are constantly monitored and improved on an ongoing basis. Currently the Company only has 2 directors and no employees.

**Our Suppliers and Professional Advisors**

The Company recognises the important relationship it has with its professional advisors, who have provided support during the recent restructuring of the Company. The Company endeavours to maintain strong relationships with its key advisors at all times.

Nicholas Nelson

**Nicholas Nelson**
**Director**
**21 December 2021**

## Directors' Report

The directors have pleasure in submitting this report with the accounts of Phimedix Plc ('the Company') for the year ended 31 March 2021.

**Principal Activities**
The principal activities of the company during the year are those of a Rule 15 cash shell (up to the date of delisting), *seeking an acquisition or acquisitions that would constitute a reverse takeover as defined* by the AIM Rules for Companies.

**Results and dividend**
The results for the year are set out in the Statement of Comprehensive Income on page 19. No dividends are recommended paid in the year.

**Directors and their interests**
The directors who held office during the year are as follows:

Ajay Kumar Rajpal
Nicholas Christian Paul Nelson

The interests of those directors serving at the year ended 31 March 2021, all of which are beneficial, in the share capital of the Company, were as follows:

| | Shares of 0.1p each | % | Warrants * |
|---|---|---|---|
| Nicholas Nelson | 678,365 | 2.0% | - |
| Ajay Rajpal | - | - | - |

*The warrants expired on 12 March 2021 and no warrants or options are outstanding at year end.

Except as set out above, none of the Directors or their immediate families had at 31 March 2021, or acquired or disposed of since that date, any interest in any shares in the Company, or any rights to subscribe for shares in the Company.

**Share Capital**
Details of the Company's share capital are disclosed in Note 12 of the financial statements.

**Financial Instruments**
Details of the use of financial instruments by the Company are disclosed in Note 15 to the financial statements.

**Statement to Auditors**
So far as the directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Directors' report (continued)**

**Substantial Shareholdings**
As at 31 March 2021 and 14 December 2021, the following interests in 3% or more of the issued ordinary share capital appear in the register:

| Shareholder | Number of shares | Percentage of issued share capital |
|---|---|---|
| Spreadex Limited | 8,951,057 | 26.0% |
| JIM Nominees Ltd | 7,508,754 | 21.8% |
| Ferlim Nominees Ltd | 4,884,326 | 14.2% |
| Lynchwood Nominees Ltd | 2,125,538 | 6.2% |
| Barclays Direct Investing Nominees Ltd | 1,799,706 | 5.2% |
| CGWL Nominees Ltd | 1,355,770 | 3.9% |
| Wealth Nominees Ltd | 1,208,660 | 3.5% |

**Post Balance Sheet Events**
Details of post-balance sheet events are disclosed in Note 20 to the financial statements.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. By 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 the Company and of the profit or loss of the Company for that year. *In preparing these financial statements, the directors are required to:*

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

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

**Admission to Trading on AIM**
The Company's ordinary shares have been traded on London's AIM Market since 20 June 2014. SPARK Advisory Partners Limited are the company's Nominated Advisor as SI Capital Limited are the Broker. Admission to trading on AIM was cancelled with effect from 14 March 2021.

**Directors' report (cont)**

**Publication of Financial Statements**
The Company's financial statements will be posted to shareholders.

**Going Concern**
After making appropriate enquiries, the directors consider that the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. This is reflected in the section 'Going Concern' in Note 2 to the financial statements.

**Auditors**
In accordance with Section 485 of the Companies Act 2006, a resolution proposing that Jeffreys Henry LLP be re-appointed as auditors will be put to the Annual General Meeting.

**Strategic Report**
In accordance with section 414C (11) of the Companies Act 2006 the Company chose to report the review of the business, the future outlook and the risks and uncertainties faced by the Company in the Strategic Report on page 5.

The Report of the Directors was approved by the Board on 21 December 2021 and signed on its behalf by:

Nicholas Nelson

**Nicholas Nelson**
**Director**
**21 December 2021**

## UK Corporate Governance Statement

**The Corporate Governance Code (the 'Code')**
Though full compliance with the Code is not mandatory for the Company, it is the policy of the board to adopt its main principles and comply with its guidelines when it is reasonably practicable to do so. The small size of the Company and its current stage of development mean that it would not be sensible or even possible to adhere to some of the guidelines in the Code.

The Board of Directors of the Company recognises the importance of sound corporate governance and applies The Quoted Companies Alliance Corporate Governance Code (2018) (the 'QCA Code'), which they believe is the most appropriate recognised governance code for a company with shares admitted to trading on the AIM market of the London Stock Exchange. It is believed that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders.

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. These principles are:

1. Establish a strategy and business model which promote long-term value for shareholders;
2. Seek to understand and meet shareholder needs and expectations;
3. Take into account wider stakeholder and social responsibilities and their implications for long term success;
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation;
5. Maintain the board as a well-functioning balanced team led by the Chair;
6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities;
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
8. Promote a corporate culture that is based on ethical values and behaviours;
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board; and
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

**Overcoming geographic and time differences**
The board is conscious of the need to overcome the difficulties that can arise from the time differences and geographic separations that face directors; both between and within regions.

It is not practical or cost-justified for the whole board to meet face-to-face at every board meeting. So where one or more director is unable to be physically present, use is made of telephone conference calls.

During the course of the year ended 31 March 2021, there were 3 meetings of the board. All directors were present at all meetings, either in person or by conference call.

In addition to the board meeting, there are also frequent but less-formal telephone and email exchanges among directors. On these occasions there may be discussion of monthly management accounts or any other topic a director may wish to raise. These meetings are chaired by the Company's chairman.

**Corporate Governance Statement (continued)**

In addition to using their influence at board and board Committee meetings, non-executive directors have direct access to the secretary of the board Committees.

By these means, the non-executive directors believe that their roles are being discharged effectively.

**Non-executive directors**

It is not thought that the Company is large enough to warrant the formal appointment of a senior non-executive director. Following the restructuring in March 2021, the directors share responsibilities.

No formal mechanism exists for appraising the effectiveness of the board as a whole or of the Chairman alone. The Remuneration and Nomination Committee has not recommended that such a process is implemented.

**Composition and effectiveness of the Board**

Copies of the service contracts of all current directors' are available for inspection at the Company's registered office and at the location of the AGM for a period before that meeting begins.

All directors may have access to independent professional advice at Company expense if this is felt by them in their own judgement that it is needed to enable them to discharge their duties and that the cost of such advice is reasonable in the circumstances.

Emphasis is placed by the Acting Chairman on the importance of familiarity with the board pack and the contributions made by directors. However, given its size, a formal evaluation of board performance by an outside agency is not believed to be appropriate. Instead, the Chairman's frequent contact with other directors provides sufficient opportunity for frequent and effective two-way 'calibration'.

**Incentive schemes for staff and directors**

Nicholas Nelson acquired shares and warrants in the company at the time of the last fund raise in March 2020. The warrants have now expired. There is currently no share option scheme in place. Any share option scheme and the award of grants to staff is approved by the Remuneration Committee according to the rules of that committee.

**Board Committees**
There are two standing Committees of the board. Each committee has written terms of reference approved by the board. These are kept under review and updated as needed. During the year, the Remuneration Committee sat twice, and the Audit Committee sat twice. All members were present on each occasion.

The membership and the chairmen of board Committees is determined by the board but, given the small number of directors, refreshing membership on a regular or frequent basis is not viable.
The main purposes and general terms of reference of each board Committee are set out below.

<u>Remuneration Committee</u>
The Remuneration Committee consists of Ajay Rajpal and Nicholas Nelson. The Remuneration Committee monitors the performance of each of the Company's executive Directors and senior executives to ensure they are rewarded fairly for their contribution. The recommendations of the Remuneration Committee are presented to a meeting of the full Board. The remuneration and terms and conditions of appointment of the non-executive directors are set by the Board as a whole.

The duties of the Remuneration Committee are to:

i Reviewing and recommending the emoluments, pension entitlements and other benefits of the executive directors and as appropriate other senior executives; and

ii Reviewing the operation of share option schemes and the granting of such options.

<u>Audit Committee</u>
The Audit Committee consists of Ajay Rajpal and Nicholas Nelson. Ajay Rajpal has been appointed chairman. The Audit Committee is responsible for ensuring that the Combined Code is implemented in respect to matters relating to the Company's external audit. In addition, the Committee also discusses the scope of the audit before its commencement and it receives reports from the external auditors. The Committee also recommends the appointment of, and will review the fees of, the external auditors. The Audit Committee meets the external auditors and meets internally at least twice per year. It also meets on an ad hoc basis as required.

The duties of the Audit Committee are to:

i Review of the annual financial statements and interim reports prior to approval, focusing on changes in accounting policies and practices, major judgemental areas, significant audit adjustments, going concern and compliance with accounting standards, Stock Exchange and legal requirements;

ii Receive and consider reports on internal financial controls, including reports from the auditors and report their findings to the Company Board;

iii Consider the appointment of the auditors and their remuneration including reviewing and monitoring of independence and objectivity;

iv Meet with the auditors to discuss the scope of the audit, issues arising from their work and any matters the auditors wish to raise;

v Develop and implement policy on the engagement of the external auditor to supply non-audit services; and

vi Develop and implement policy on the engagement of the internal auditor (when appropriate).

**Corporate Governance Statement (continued)**

**Board Committees (continued)**

The Audit Committee will be provided with details of any proposed related party transactions in order to consider and approve the terms and conditions of such transactions.

**Director's Corporate Governance Statement:**

The directors are maintaining the levels of corporate governance that would be expected of companies listed on AIM, whilst they seek alternative strategies for the Company.

The directors have a keen interest in ensuring that an effective and focused Board leads the business and builds upon its successes to date. Strong corporate governance helps underpin the foundations of a solid and successful business. The Board is committed to ensuring good corporate governance, from executive level and throughout the operations of the business. Following the revisions to the AIM Rules for Companies in March 2018, whereby AIM companies are required to comply with a recognised corporate governance code, the decision has been made by the Board that it will adopt the QCA Code. The Directors believe that the QCA Code is the most appropriate recognised governance code for the Company.

It is our duty to ensure that good standards of governance are delivered and fed down throughout the organisation. The Board, as a whole, looks to instil a culture across the Company, delivering strong values and behaviours. The Board and executive team have worked tirelessly to bring the business to the place it currently stands, but it will face challenges over the next year due to the regulatory changes which we have announced. Throughout this period the importance of good governance and working for the benefit of all stakeholders has been at the forefront of the Board and executive management. As the Company moves forward, we will work with the Board to build upon the existing values that are in place and ensure that good corporate governance continues to be present within the organisation and delivered throughout the business, ensuring that we grow with foundations of integrity and strong principles for the benefit of all stakeholders.

The corporate governance arrangements that the Board has adopted are intended to ensure that the Company delivers medium and long-term value to its shareholders. The Board maintains dialogue with its investors, providing them with such information on the Company's progress as is permitted by the AIM rules, MAR and the requirements of the relevant legislation.

The Board currently consists of two directors who share equal responsibility and operate the Company in close cooperation with its advisers.

On behalf of the board,

**Nicholas Nelson**
**Director**
**21 December 2021**

## Independent Auditors' Report to the members of Phimedix Plc

### Opinion

We have audited the financial statements of Phimedix Plc (the 'Company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of the Company's loss for the year then ended;
- the Company's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements 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 Auditor's 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 UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Key audit matters**

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Going concern assumption**<br><br>The Company's ability to continue as a going concern was predicated on its cash reserves.<br><br>The Directors have considered the cash requirements of the business for the following 12 months. As part of this process, they have taken into account existing liabilities, along with operating cashflow requirements. The Directors have considered the ongoing running costs of the Company and committed expenditure at the date of approving the financial statements. | Our audit procedures:<br><br>• We obtained confirmation of the Company's cash balances at the year end to ensure they agreed to the accounts.<br>• Corroborated with management relating to future cash outflows; and<br>• Reviewed post year end payments and cash position at the date of the audit report.<br><br>We have reviewed the latest bank balances to ensure the Company can cover its overheads. Based on the evidence obtained the Directors assertion that the Company is a going concern appears reasonable. |

**Our application of materiality**
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.
Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

| | |
|---|---|
| Overall materiality | £9,000 (2020: £21,000) |
| How we determined it | 10% of net loss |
| Rationale for benchmark applied | We believe that this is adequate for the Company as it currently only incurs costs and does not have significant assets. |

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £ 450 (2020: £1,050) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

**An overview of the scope of our audit**
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.
*How we tailored the audit scope*
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which they operate.

**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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 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.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**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 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
*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.

**The extent to which the audit was considered capable of detecting irregularities including fraud**
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 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 group through discussions with directors and other management.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and
- 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:
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 of the financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- 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;
  - reading the minutes of meetings of those charged with governance;
  - enquiring of management as to actual and potential litigation and claims; and
  - reviewing correspondence with HMRC and the company's legal advisors.

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 noncompliance. 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 statement is located on the Financial Reporting Council's website at:
www.frc.ork.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Other matters which we are required to address**
We were appointed by the board of directors on 4 July 2014 to audit the financial statements. Our total uninterrupted period of engagement is 8 years, covering the periods ending 31 March 2014 to 31 March 2021.
The audit has been designed to detect all material irregularities, including fraud. We believe our tests are sufficient in this regard. The engagement team has remained alert to any indication of fraud or non-compliance with laws and regulations throughout the audit.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

**Use of this report**

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

**Sudhir Rawal**
**SENIOR STATUTORY AUDITOR**

For and on behalf of Jeffreys Henry LLP, statutory auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE
United Kingdom
Date: 21 December 2021

**Statement of Comprehensive Income**

| | Notes | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Gross (loss)/profit** | | - | - |
| Administrative expenses | 6 | (94) | (204) |
| Impairment losses | | - | - |
| **Loss before tax** | | **(94)** | **(204)** |
| Income tax expense | 7 | - | - |
| **Loss for the year** | | **(94)** | **(204)** |
| **Other comprehensive income** | | - | - |
| **Loss and total comprehensive loss for the year** | | (94) | (204) |
| Loss and total comprehensive loss for the year attributable to the owners of the Company | | (94) | (204) |
| **Loss per share** | | **2021**<br>**£** | **2020**<br>**£** |
| Basic and Diluted | 8 | (0.003) | (0.002) |

The notes on pages 23 to 38 are an integral part of these financial statements.

## Phimedix Plc

**Year ended 31 March 2021**

**Company Statement of Financial Position**

| | Notes | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Other receivables | 10 | – | 8 |
| Cash and cash equivalents | | 84 | 348 |
| **Total Assets** | | **84** | **356** |
| **Equity and liabilities** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 12 | 226 | 226 |
| Share redemption reserve | | 925 | 925 |
| Share premium | | 4,186 | 4,186 |
| Accumulated loss | | (5,313) | (5,219) |
| **Total Equity** | | **24** | **118** |
| **Current Liabilities** | | | |
| Accrued liabilities and other payables | 11 | 60 | 238 |
| **Total Liabilities** | | **60** | **238** |
| **Total Equity and Liabilities** | | **84** | **356** |

The financial statements were approved by the Board of directors and authorised for issue on 21 December 2021. They were signed on its behalf by:

Nicholas Nelson

**Nicholas Nelson**
**Director**
**21 December 2021**

Company Number: 08724168

The notes on pages 23 to 38 are an integral part of these financial statements.

## Phimedix Plc
### Year ended 31 March 2021
### Statement of Cash Flows

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the year before tax | (94) | (204) |
| Adjustments for: | | |
| Decrease/ (Increase) in other receivables | 8 | (3) |
| (Decrease)/ increase in accrued liabilities and other payables | (178) | 215 |
| Gain on disposal of subsidiary | - | (8) |
| **Net cash used in operating activities** | (264) | - |
| **Cash flows from investing activities** | | |
| Sale of shares in Masterpiece | - | 103 |
| **Net Cash flow from investing activities** | - | 103 |
| **Cash flows from financing activities** | | |
| Buy back of shares | - | (103) |
| Net proceeds from the issue of ordinary shares | - | 348 |
| Net cash from financing activities | - | 245 |
| **Net increase / (decrease) in cash and cash equivalents** | (264) | 348 |
| Cash and cash equivalents at beginning of the year | 348 | - |
| **Cash and cash equivalents at the end of the year** | **84** | **348** |

The notes on pages 23 to 38 are an integral part of these financial statements.

## Phimedix Plc
### Year ended 31 March 2021

### Statement of Changes in Equity

| | Share Capital | Share Premium | Share redemption reserve | Accumulated Loss | Share Based Payment Reserve | FX Reserve | Total |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **As at 31 March 2019** | **1,220** | **3,871** | **-** | **(5,697)** | **54** | **628** | **76** |
| Total comprehensive income for the year | - | - | - | (204) | - | - | (204) |
| Share base payment movement | - | - | - | 54 | (54) | - | - |
| Foreign Exchange reserve movement | - | - | - | 628 | - | (628) | - |
| Share placing and buyback | (994) | 315 | 925 | - | - | - | 246 |
| **As at 31 March 2020** | **226** | **4,186** | **925** | **(5,219)** | **-** | | **118** |
| Total comprehensive loss for the year | - | - | - | (94) | - | - | (94) |
| **As at 31 March 2021** | **226** | **4,186** | **925** | **(5,313)** | **-** | **-** | **24** |

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of issue expenses.

Accumulated loss represents the cumulative losses of the Company attributable to owners of the Company.

Capital redemption reserve represents the share capital subject to the buyback of share, net of consideration paid.

Share based payment reserve is the amount transferred in accordance with IFRS 2.

Foreign exchange reserve represents historic foreign exchange differences on consolidation. In the year ended 31 March 2020 this amount was transferred to accumulated loss following the disposal of the overseas subsidiary.

The notes on pages 23 to 38 are an integral part of these financial statements.

**Notes to the Financial Statements**

## 1. General information

Phimedix Plc is a public limited company incorporated in England and Wales on 9 October 2013 under the Companies Act 2006. It was listed on the AIM market on 20 June 2014, and subsequently delisted on 15 March 2021. The address of the registered office is given at the start of the annual report. The Company's principal activity during the year was that of a AIM Rule 15 cash shell (up to 15 March 2021). It now continues to seek an acquisition target. Further details are set out in the Director's Statement on page 3.

## 2. Basis of preparation and significant accounting policies

The financial statements of Phimedix Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS Interpretations Committee and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Although these estimates are based on management's experience and knowledge of current events and actions, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Going concern**

These financial statements have been prepared on the assumption that the Company is a going concern.

When assessing the foreseeable future, the directors have looked at a period of at least twelve months from the date of approval of this report.

After making enquiries, the directors firmly believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Notes to the Financial Statements (continued)**

**Changes in accounting policies and disclosures**

There were a number of standards and interpretations which were in issue at 31 March 2021 but not effective for periods commencing 1 April 2020 and have not been adopted for these Financial Statements. The Directors have assessed the full impact of these accounting changes on the Company. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause material adjustments to the Company's Financial Statements. They may result in consequential changes to the accounting policies and other note disclosures. The new standards will not be early adopted by the Company and will be incorporated in the preparation of the Financial Statements from the effective dates noted below. The new standards include:

- IFRS 17 Insurance Contracts[2]
- IFRS 9 Interest Rates[1]
- IAS39/IFRS7 Benchmark Reform[1]
- IFRS16 (Amendment) [1] Leases' – Covid [1]19 related rent concessions
- IAS 1 Presentation of Financial Statements[2]

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material effect on the financial statements of the company.

[1] Effective for annual periods beginning on or after 1 January 2021

[2] Effective for annual periods beginning on or after 1 January 2023

### (a) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such a reversal is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**(b) Financial instruments**

Financial assets and financial liabilities are initially classified as measured at amortised cost, fair value through other comprehensive income, or fair value through profit and loss when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows expire, or the Company no longer retains the significant risks or rewards of ownership of the financial asset. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Financial assets are classified dependent on the Company's business model for managing the financial and the cash flow characteristics of the asset. Financial liabilities are classified and measured at amortised cost except for trading liabilities, or where designated at original recognition to achieve more relevant presentation. The Company classifies its financial assets and liabilities into the following categories:

Financial assets at amortised cost

The Company's financial assets at amortised cost comprise trade and other receivables. These represent debt instruments with fixed or determinable payments that represent principal or interest and where the intention is to hold to collect these contractual cash flows. They are initially recognised at fair value, included in current and non-current assets, depending on the nature of the transaction, and are subsequently measured at amortised cost using the effective interest method less any provision for impairment.

Impairment of trade and other receivables

In accordance with IFRS 9 an expected loss provisioning model is used to calculate an impairment provision. We have implemented the IFRS 9 simplified approach to measuring expected credit losses arising from trade and other receivables, being a lifetime expected credit loss. This is calculated based on an evaluation of our historic experience plus an adjustment based on our judgement of whether this historic experience is likely reflective of our view of the future at the balance sheet date. In the previous year the incurred loss model is used to calculate the impairment provision.

Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise loan liabilities, including convertible loan note liability elements, and trade and other payables. They are classified as current and non-current liabilities depending on the nature of the transaction, are subsequently measured at amortised cost using the effective interest method. All convertible loan notes are held at amortised cost and no election has been made to hold them as fair value through profit and loss.

Financial assets at fair value through profit and loss

Financial assets at fair value are recognised and measured at fair value using the most recent available market price with gains and losses recognised immediately in the profit and loss.

The fair value measurement of the Company's financial and non- financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy').

Level 1 – Quoted prices in active markets
Level 2 – Observable direct or indirect inputs other than Level 1 inputs
Level 3 – Inputs that are not based on observable market

**Borrowings**

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the statement of financial position date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the statement of financial position date and before the financial statements are authorised for issue.

**(c) Borrowing costs**

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**(d) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(f) Provisions and contingencies**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

When the effect of discounting is material, the amount recognised for a provision is the present value at the reporting date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of comprehensive income.

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

**(g) Share Capital**

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

**(h) Foreign currencies**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**Notes to the Financial Statements (continued)**

The Company has changed its accounting policy in March 2020, such that the presentation currency was aligned with the functional currency (GBP). In the prior years, the Company presented its financial statements in Hong Kong dollars ("HKD"), as the main trading operations were based in Hong Kong/China and HKD was the reporting currency. Following the disposal of the subsidiary in March 2020, the Company has used GBP in the financial statements in the year ended 31 March 2021.

**(i) Employee benefits**

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Company of non-monetary benefits are accrued in the period in which employees of the Company render the associated services. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material outflow of resources from the Company.

**(j) Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

## 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the application of the Company's accounting policies, which are described above, management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

**(a) Impairment of receivables**
The Company's management reviews receivables on a regular basis to determine if any provision for impairment is necessary. The policy for the impairment of receivables of the Company is based on, where appropriate, the evaluation of collectability and ageing analysis of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these outstanding's, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Company were to deteriorate, resulting in an impairment of their ability to make payments, provision for impairment may be required.

## 4. Personnel expenses and staff numbers (excluding directors)

There were no employees in the Company, excluding directors, for the year ended 31 March 2021 (2020: nil)

## 5. Directors' remuneration

| | 2021 | 2021 | 2021 | 2020 |
|---|---|---|---|---|
| | Salaries and fees | Share based payment charge | Total | Total |
| | £'000 | £'000 | £'000 | £'000 |
| Wenjie Zhou | - | - | - | - |
| Jianfeng Li | - | - | - | - |
| Chor Wei Ong | - | - | - | 3 |
| Chin Phang Kwok | - | - | - | 3 |
| Peter George Greenhalgh | - | - | - | 9 |
| Ajay Kumar Rajpal | 12 | - | 12 | 12 |
| Nicholas Nelson | 10 | - | 10 | 1 |
| Total | **22** | **-** | **22** | **28** |

NAS Corporate Services Ltd, a company controlled by Ajay Rajpal, charged fees and expenses of £nil in the year [2020 : £19K to Masterpiece Enterprises Limited in relation to the restructuring of Masterpiece Enterprises Limited and its subsidiaries].

## 6. Expenses – analysis by nature

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Auditor's remuneration for audit services | 5 | 11 |
| Directors' fees | 22 | 28 |
| Legal & professional fees | 58 | 191 |
| Other expenses | 9 | 4 |
| Intercompany loan write-back | - | (22) |
| Gain on disposal | - | (8) |
| Total administrative expenses | 94 | 204 |

## 7. Taxation

The charge for the year can be reconciled to the loss before taxation per the statement of comprehensive income as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Loss before taxation | (94) | (204) |
| Loss at standard rate of corporation tax in the UK of 19% (2020: 16.5% Hong Kong) | (18) | (34) |
| Unutilised tax losses and other adjustments | 18 | 34 |
| Total tax charge in the year | - | - |

## 8. Loss per share

Loss per share data is based on the Company profit or loss for the year and the weighted average number of shares in issue.

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Loss for the year from:** | | |
| Continuing operations used in the calculation of basic and diluted earnings per share from continuing operations | (94) | (204) |
| Loss for the year attributable to owners of Company | (94) | (204) |
| Weighted average number of ordinary shares for the purposes of: | | |
| Basic and diluted earnings per share (000's) | 34,400 | 116,838 |

| | 2021 £ | 2020 £ |
|---|---|---|
| Basic and diluted earnings per share (000's) | (0.003) | (0.002) |

## 9. Investment in Subsidiaries

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Cost** | | |
| At 1 April | - | 2,316 |
| Disposal | - | (2,316) |
| At 31 March | - | - |
| **Impairment** | | |
| At 1 April | - | 2,221 |
| Addition | - | - |
| Eliminated on disposal | - | (2,221) |
| At 31 March | - | - |
| **Carrying amount** | | |
| At 31 March | - | - |

## 10. Other receivables

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Prepayments | - | 8 |
| | - | 8 |

## 11. Accrued liabilities and other payables

| | Company 2021 £'000 | 2020 £'000 |
|---|---|---|
| Accrued expenses | 12 | 11 |
| Other payables | 48 | 227 |
| | 60 | 238 |

### 12. Share capital

| **Ordinary Shares** | **Class** | **Nominal Value** | **2021 £** | **2020 £** |
|---|---|---|---|---|
| **Allotted, issued and fully paid** | | | | |
| 34,400,481 | Ordinary | £0.001 | 34,400 | 34,400 |

| **Deferred Shares** | **Class** | **Nominal Value** | **2021 £** | **2020 £** |
|---|---|---|---|---|
| **Allotted, issued and fully paid** | | | | |
| 19,250,000 | Deferred | £0.009975 | 192,019 | 192,019 |
| TOTAL SHARE CAPITAL | | | 226,419 | 226,419 |

| **Capital Redemption Reserve** | **Class** | **Nominal Value** | **2021 £** | **2020 £** |
|---|---|---|---|---|
| **Share buyback** | | | | |
| 102,760,000 | Ordinary | £0.000025 | 2,569 | 2,569 |
| 102,760,000 | Deferred | £0.009975 | 1,025,031 | 1,025,031 |
| Funded by new issue | | | (102,760) | (102,760) |
| Total | | | 924,840 | 924,840 |

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

On 9 March 2020, the following changes to the ordinary shares took place:

1. 122,010,000 ordinary shares of £0.01 were sub-divided into 122,010,000 new ordinary shares of £0.000025 and 122,010,000 new deferred shares of £0.009975
2. 1,356,769,231 new ordinary shares were issued at a price of £0.00026
3. The Company completed a buyback and cancellation of 102,760,000 new ordinary shares and 102,760,000 new deferred shares
4. The remaining 1,376,019,231 new ordinary shares of £0.000025 were consolidated on the basis of a 40/1 consolidation, resulting in 34,400,481 new ordinary shares of £0.001

**Notes to the Financial Statements (continued)**

### 13. Related-party transactions

During the year, Chris Potts, a substantial shareholder, provided a loan to the Company for £75,000. The loan was unsecured, interest free and repayable on completion of a reverse takeover by the Company. This loan was subsequently novated prior to year end. At year end the balance of funds held was £48,000, which was transferred shortly after year end under the terms of the novation agreement.

### 14. Lease commitments

The Company has no commitments for leases with independent third parties in respect of rented premises and staff quarters.

### 15. Financial instruments

Financial risk management objectives and policies

The Company's major financial instruments are currently limited. The risks associated with these financial instruments (when in existence) include market risk (foreign exchange risk), credit risk, interest rate risk, liquidity risk and capital management risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The policies for managing these risks are summarised below.

It is the Company's policy not to trade in derivative contracts.

**(a) Market risk**

*Foreign currency risk*

Currency risk is the risk that the holding of foreign currencies will affect the Company's position as a result of a change in foreign currency exchange rates. The Company has no significant foreign currency risk as the Company's financial assets and liabilities are denominated in the currency of the Company. Accordingly, no quantitative market risk disclosures or sensitivity analysis for currency risk have been prepared.

**(b) Cash flow and fair value interest rate risk**

The Company currently does not have any interest bearing borrowings or financial instruments or any interest rate hedging policy. The directors monitor the Company's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise. Accordingly, no quantitative market risk disclosures or sensitivity analysis for interest rate risk have been prepared.

**(c) Liquidity risks**

The Company manages its liquidity risk by maintaining sufficient cash, by monitoring the liquidity requirements in the short and longer term.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Management monitors the Company's liquidity reserve, comprising cash and cash equivalents on the basis of expected cash flows.

**Notes to the Financial Statements (continued)**

**15. Financial instruments (continued)**

**(c) Liquidity risks (continued)**

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

| 2021 | On demand or not later than 1 year £'000 | Later than 1 year and not later than 5 years £'000 |
|---|---|---|
| Trade and other payables | 60 | - |
| Borrowings | - | - |
| | 60 | - |

| 2020 | On demand or not later than 1 year £'000 | Later than 1 year and not later than 5 years £'000 |
|---|---|---|
| Trade and other payables | 238 | - |
| Borrowings | - | - |
| | 238 | - |

**(d) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management regularly.

The Company has put in place policies to ensure that sales of products are made to customers with an appropriate credit history and the Company performs periodic credit evaluations of its customers. In this regard, the director of the Company considers that the Company's credit risk is significantly reduced.

**Notes to the Financial Statements (continued)**

### 15. Financial instruments (continued)

**(e) Financial instruments by category**
The following table sets out the financial instruments as at the statement of balance sheet date:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Financial assets: | | |
| Loans and receivables: | | |
| Trade receivables | - | - |
| Deposits and other receivables | - | - |
| Bank balances and cash | | |
| - denominated in £ | 84 | 348 |
| | 84 | 348 |
| Financial liabilities: | | |
| Financial liabilities measured at amortised cost: | | |
| Accrued liabilities and other payables | 60 | 238 |
| | 60 | 238 |

**(f) Capital management risk**
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

No changes were made in the objectives, policies and processes during the years of 2020 and 2021.

### 16. Fair value of financial instruments

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company does not currently have any derivative or other financial instruments measured at fair value through profit and loss and the carrying amounts of financial instruments in the balance sheet approximated their fair values.

### 17. Controlling Party

There is no ultimate controlling party.

### 18. Share options

On 16 June 2014 the Company granted options on 525,000 ordinary shares to certain directors. The options are exercisable at £0.08 per share after the first anniversary of Admission, provided that the director remains in office until then.

| | Number of options | Exercise price | Weighted average remaining contractual life |
|---|---|---|---|
| At 31 March 2019 | 525,000 | £0.08 | 5 years |
| Options expired in the period | (525,000) | - | - |
| At 31 March 2020 | - | - | - |
| Options issued in the period | - | - | - |
| Options expired in the period | - | - | - |
| At 31 March 2021 | - | - | - |

A charge of £ nil (2020: £ nil) has been recognised for the share-based payments during the year.

### 19. Warrants

On 12 March 2020, the Company issued warrants for 16,959,615 Ordinary shares at an issue price of £0.001. These warrants expired on 12 March 2021.

| | Number of warrants | Exercise price | Weighted average remaining contractual life |
|---|---|---|---|
| At 31 March 2019 | 2,917,500 | £0.08 | 5 years |
| Warrants issued in the period | 16,959,615 | - | - |
| Warrants expired in the period | (2,917,500) | - | - |
| At 31 March 2020 | 16,959,615 | £0.001 | 1 year |
| Warrants issued in the period | - | - | - |
| Warrants expired in the period | (16,959,615) | - | - |
| At 31 March 2021 | - | - | - |

**Notes to the Financial Statements (continued)**

### 20. Events subsequent to 31 March 2021

There were no subsequent events.