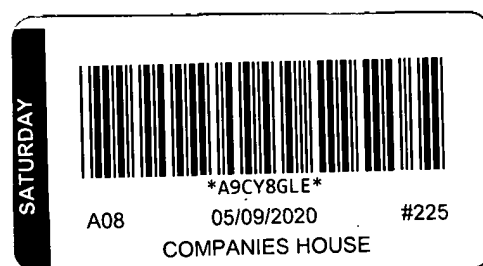


Company Registration No. 11031998 (England and Wales)

**EPISTEM LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**  
**PAGES FOR FILING WITH REGISTRAR**



# **EPISTEM LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	N W Ash C Booth J A Fullerton-Batten M W Pomroy B J Reed J A Tudor
<b>Company number</b>	11031998
<b>Registered office</b>	The Incubator Building Grafton Street Manchester Lancashire M13 9XX
<b>Auditor</b>	Baldwins Audit Services Ship Canal House 98 King Street Manchester M2 4WU

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# **EPISTEM LIMITED**

## **CONTENTS**

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	<b>Page</b>
Balance sheet	1
Statement of changes in equity	2
Notes to the financial statements	3 - 10

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# EPISTEM LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Intangible assets	3	1,359,646		1,606,283	
Tangible assets	4	548,265		484,096	
		<u>1,907,911</u>		<u>2,090,379</u>	
<b>Current assets</b>					
Stocks		14,745		-	
Debtors	5	1,055,549		858,987	
Cash at bank and in hand		616,244		808,678	
		<u>1,686,538</u>		<u>1,667,665</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(809,754)</u>		<u>(746,523)</u>	
<b>Net current assets</b>			876,784		921,142
<b>Total assets less current liabilities</b>			<u>2,784,695</u>		<u>3,011,521</u>
<b>Creditors: amounts falling due after more than one year</b>	7		(2,767,834)		(2,822,956)
<b>Net assets</b>			<u>16,861</u>		<u>188,565</u>
<b>Capital and reserves</b>					
Called up share capital	9		110		104
Share premium account			423,270		398,819
Profit and loss reserves			(406,519)		(210,358)
<b>Total equity</b>			<u>16,861</u>		<u>188,565</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 21 August 2020 and are signed on its behalf by:



J A Fullerton-Batten  
Director

Company Registration No. 11031998

# EPISTEM LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 25 October 2017</b>		-	-	-	-
<b>Period ended 31 December 2018:</b>					
Loss and total comprehensive income for the period		-	-	(210,358)	(210,358)
Issue of share capital	9	104	398,819	-	398,923
<b>Balance at 31 December 2018</b>		104	398,819	(210,358)	188,565
<b>Period ended 31 December 2019:</b>					
Loss and total comprehensive income for the period		-	-	(196,161)	(196,161)
Issue of share capital	9	6	24,451	-	24,457
<b>Balance at 31 December 2019</b>		110	423,270	(406,519)	16,861

# **EPISTEM LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

Epistem Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Incubator Building, Grafton Street, Manchester, Lancashire, M13 9XX.

#### **1.1 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" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £.

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

#### **1.2 Going concern**

The directors have prepared detailed profit and loss, cashflow and balance sheet projections displaying the company's ability to operate within the available financing facilities for the period of at least 12 months from the date of these accounts. In preparing these projections, the directors have taken into consideration the impact on the company of the Covid-19 pandemic, reflecting the inherent uncertainties and constraints caused by the pandemic in their assumptions, primarily those around revenue, and the timing of certain creditor payments.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has sufficient headroom within its existing facilities to continue trading for a period not less than 12 months from the date of approval, notwithstanding this the directors have taken the additional step of applying for a Coronavirus Business Interruption Loan. This loan application was approved by the company's bank on 3rd July 2020, the loan has not yet been received. Should for any reason the loan not be received, and should alternative working capital support become necessary, the directors are confident of securing additional support from certain shareholders of the company.

Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

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, mainly in relation to contractual hourly staff rates and materials, 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. Amounts invoiced in advance are accounted for as deferred income, whilst amounts invoiced in arrears are accounted for as accrued income.

# EPISTEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 6 years.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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:

Licences	18-60 months straight line
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#### 1.6 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	25% straight line
Fixtures and fittings	25% straight line
Computers	25% straight line

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.

#### 1.7 Stocks

Stocks are stated at the lower of cost, which comprises direct materials, and estimated selling price less costs to sell.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

#### 1.9 Financial instruments

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

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

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

# EPISTEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.10 Taxation

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

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or 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 reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.



# EPISTEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.12 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the trading year was 28 (2018 - 29).

### 3 Intangible fixed assets

	Goodwill £	Licences £	Total £
<b>Cost</b>			
At 1 January 2019	1,752,308	-	1,752,308
Additions - separately acquired	-	48,290	48,290
At 31 December 2019	1,752,308	48,290	1,800,598
<b>Amortisation and impairment</b>			
At 1 January 2019	146,025	-	146,025
Amortisation charged for the year	292,052	2,875	294,927
At 31 December 2019	438,077	2,875	440,952
<b>Carrying amount</b>			
At 31 December 2019	1,314,231	45,415	1,359,646
At 31 December 2018	1,606,283	-	1,606,283

# EPISTEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 4 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>				
At 1 January 2019	458,273	1,048	83,769	543,090
Additions	203,475	-	5,043	208,518
At 31 December 2019	661,748	1,048	88,812	751,608
<b>Depreciation and impairment</b>				
At 1 January 2019	51,857	65	7,072	58,994
Depreciation charged in the year	122,731	262	21,356	144,349
At 31 December 2019	174,588	327	28,428	203,343
<b>Carrying amount</b>				
At 31 December 2019	487,160	721	60,384	548,265
At 31 December 2018	406,416	983	76,697	484,096

### 5 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	545,409	520,713
Corporation tax recoverable	139,642	-
Other debtors	23,797	194,191
Prepayments and accrued income	163,834	126,957
	872,682	841,861
<b>Amounts falling due after more than one year:</b>		
Other debtors	144,625	9,512
Deferred tax asset (note 8)	38,242	7,614
	182,867	17,126
<b>Total debtors</b>	1,055,549	858,987

# EPISTEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Creditors: amounts falling due within one year

	2019 £	2018 £
Obligations under finance leases	42,119	39,488
Trade creditors	131,032	130,339
Taxation and social security	38,869	66,760
Other creditors	251,576	9,544
Accruals and deferred income	346,158	500,392
	<u>809,754</u>	<u>746,523</u>

Obligations under finance leases are secured on the assets to which they relate.

### 7 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Obligations under finance leases	130,865	172,984
Other borrowings	2,089,969	1,899,972
Other creditors	547,000	750,000
	<u>2,767,834</u>	<u>2,822,956</u>

The aggregate of secured creditors under finance leases are secured on the assets to which they relate.

The other borrowings of £2,089,969 (2018: £1,899,972) are secured by way of a fixed and floating charge covering all property and undertaking of the company.

### 8 Deferred taxation

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

	Assets 2019 £	Assets 2018 £
<b>Balances:</b>		
Accelerated capital allowances	(115,079)	(82,296)
Tax losses	105,149	89,910
Short term timing differences	295	-
RDEC credit	47,877	-
	<u>38,242</u>	<u>7,614</u>

# EPISTEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Deferred taxation		(Continued)
		2019
		£
Movements in the year:		
Asset at 1 January 2019		(7,614)
Credit to profit or loss		(30,628)
Asset at 31 December 2019		<u>(38,242)</u>

9 Called up share capital		2019	2018
		£	£
Ordinary share capital			
Issued and fully paid			
6,667 Ordinary A shares of 1p each	67	67	
1,703 Ordinary B1 shares of 1p each	17	17	
834 (2018: 556) Ordinary B2 shares of 2p each	17	11	
852 Ordinary C shares of 1p each	9	9	
	<u>110</u>	<u>104</u>	

278 Ordinary B2 shares of £0.02 per share were issued on 21 May 2019 at £87.97 per share.

### 10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Lee Van Houplines.  
The auditor was Baldwins Audit Services.

### 11 Operating lease commitments

#### Lessee

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

2019	2018
£	£
<u>70,457</u>	<u>281,828</u>

# **EPISTEM LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **12 Events after the reporting date**

Since the balance sheet date, the international outbreak of Coronavirus (Covid-19) led to the UK government imposing restrictions on the movement of people and non-essential business activity for an indeterminate period from 23rd March 2020, the effects of which will have a significant impact on many businesses. Associated factors may be relevant to the company's ability to continue trading profitably however cannot be foreseen at the present time.

The directors are taking appropriate steps to monitor trading activity, workforce utilisation and any exposure to delays in the collection of cash. Taking into consideration the working capital position at the balance sheet date, the availability of government support and approval of bank funding referred to within the accounting policies, the directors are of the opinion that the company will continue to trade through this period, and for at least twelve months from the date of signing these financial statements, notwithstanding the inherent uncertainty associated with a global pandemic.

#### **13 Related party transactions**

On 8 June 2018, the company entered into a loan agreement with Foresight Regional Investment LP, a shareholder. The principal amount of £1,800,000 was used to fund the acquisition of specific trading activities from Genedrive PLC. The loan bears an annual interest charge of 10% and is repayable on 6 June 2023. At the period end the interest accrued of £289,969 (2018: £99,972) and the principal amount of £1,800,000 (2018: £1,800,000) was included within other borrowings falling due after more than one year.

During the period, the company entered into a loan agreement with the director, J Tudor. The loan bears an annual interest charge of 1%. The amount of £9,606 (2018: £9,512) including £94 (2018: £52) of interest accrued during the year is included within other debtors falling due after more than one year.

During the period, the company entered into a loan agreement with the director, B J Reed. The loan bears an annual interest charge of 1%. The amount of £24,519 (2018: £nil) including £62 (2018: £nil) of interest accrued during the year is outstanding at the year end. £10,000 (2018: £nil) of this amount is included within other debtors falling due after more than one year.