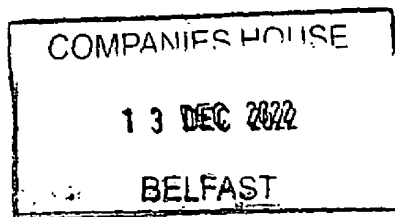


Financial Statements

Qnostics Limited

For the year ended 31 December 2021



JBIR6N80
JN/ 13/12/2022 #102
COMPANIES HOUSE

Registered number: SC257629



Independent auditors' report to the members of Qnostics Limited

Opinion

We have audited the financial statements of Qnostics Limited, which comprise the Statement of Comprehensive Income, the Balance sheet, the Statement of changes in equity for the financial year ended 31 December 2021, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Qnostics Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance for the financial year then ended; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon, including the Directors' report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the information and, except to the extent

Independent auditors' report to the members of Qnostics Limited (continued)

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 in the financial statements, 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Directors' report has 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 we have obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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; or
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a strategic report or in preparing the Directors' report.

Independent auditors' report to the members of Qnostics Limited (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 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, management is 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 management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent auditors' report to the members of Qnostics Limited (continued)

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes their 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.

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Employment Law, Environmental Regulations and Health and safety laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and applicable tax laws. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

In response to these principal risks, our audit procedures included but were not limited to:

- inquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the company's regulatory and legal correspondence and review of minutes of the board of directors meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- challenging assumptions and judgements made by management in their significant accounting estimates, including estimating useful lives of tangible fixed assets.

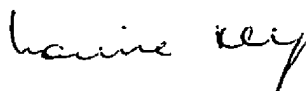
Independent auditors' report to the members of Qnostics Limited (continued)

- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our 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.



Louise Kelly (Senior statutory auditor)

for and on behalf of

Grant Thornton (NI) LLP

Chartered Accountants
Statutory Auditors

Belfast

13/10/22

Qnostics Limited

Registered number:SC257629

Balance sheet

As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	6	188,026	123,560
		<u>188,026</u>	<u>123,560</u>
Current assets			
Stocks	7	1,056,170	1,033,010
Debtors: amounts falling due within one year	8	3,219,736	3,533,714
Cash at bank and in hand	9	889,643	2,078,816
		<u>5,165,549</u>	<u>6,645,540</u>
Creditors: amounts falling due within one year	10	(1,986,667)	(3,281,019)
Net current assets		<u>3,178,882</u>	<u>3,364,521</u>
Total assets less current liabilities		<u>3,366,908</u>	<u>3,488,081</u>
Provisions for liabilities			
Deferred tax	11	(44,158)	(21,609)
		<u>(44,158)</u>	<u>(21,609)</u>
Net assets		<u><u>3,322,750</u></u>	<u><u>3,466,472</u></u>
Capital and reserves			
Called up share capital	12	10,100	10,100
Profit and loss account	13	3,312,650	3,456,372
		<u><u>3,322,750</u></u>	<u><u>3,466,472</u></u>

Qnostics Limited

Registered number: SC257629

Balance sheet (continued)

As at 31 December 2021

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the provisions of FRS102 1A-Small Entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13/10/22



Paul Sidney Wallace
Director

The notes on pages 9 to 17 form part of these financial statements.

Qnostics Limited

Statement of changes in equity

For the year ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	10,100	3,456,372	3,466,472
Loss for the year	-	(143,722)	(143,722)
At 31 December 2021	<u>10,100</u>	<u>3,312,650</u>	<u>3,322,750</u>

Statement of changes in equity

For the year ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	10,100	1,390,828	1,400,928
Profit for the year	-	2,065,544	2,065,544
At 31 December 2020	<u>10,100</u>	<u>3,456,372</u>	<u>3,466,472</u>

The notes on pages 9 to 17 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2021

1. General information

Qnostics Limited is a private company limited by shares incorporated in Scotland. The registered office is Block 1 Todd Campus, West of Scotland Science Park, Glasgow, G20 0XA. The registration number is SC257629. The principal activity of the company continued to be that of the development, manufacture and supply of specialised molecular Quality Control materials for use in clinical and commercial laboratories.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 Going concern

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for the twelve months from the date of approving these financial statements, which indicate that the business can continue to trade for at least twelve months.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

2.4 Tangible fixed assets

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	33% straight line
Fixtures and fittings	-	25% straight line
Laboratory equipment	-	10% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.11 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are required when applying accounting policies. These 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.

The company makes estimates and assumptions concerning the future, which can involve a high degree of judgement or complexity. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Recoverability of debtors

Estimates are made in respect of the recoverable value of trade and other debtors. When assessing the level of provisions required, factors including current trading experience, historical experience and the ageing profile of debtors are considered.

b) Impairment of stocks

The company holds stocks the financial year end. The directors are of the view that an adequate charge has been made to reflect the possibility of stocks being sold at less than cost. However, this estimate is subject to inherent uncertainty.

4. Employees

The average monthly number of employees, including directors, during the year was 41 (2020 - 39).

Notes to the financial statements

For the year ended 31 December 2021

5. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	5,226	5,720
	<u>5,226</u>	<u>5,720</u>

Notes to the financial statements

For the year ended 31 December 2021

6. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 January 2021	212,131	13,071	23,672	248,874
Additions	84,034	2,648	4,844	91,526
Disposals	(11,359)	-	-	(11,359)
At 31 December 2021	<u>284,806</u>	<u>15,719</u>	<u>28,516</u>	<u>329,041</u>
Depreciation				
At 1 January 2021	94,460	8,964	21,890	125,314
Charge for the year on owned assets	22,040	1,637	1,982	25,659
Disposals	(9,958)	-	-	(9,958)
At 31 December 2021	<u>106,542</u>	<u>10,601</u>	<u>23,872</u>	<u>141,015</u>
Net book value				
At 31 December 2021	<u>178,264</u>	<u>5,118</u>	<u>4,644</u>	<u>188,026</u>
At 31 December 2020	<u>117,670</u>	<u>4,107</u>	<u>1,783</u>	<u>123,560</u>

7. Stocks

	2021 £	2020 £
Raw materials and consumables	<u>1,056,170</u>	<u>1,033,010</u>
	<u>1,056,170</u>	<u>1,033,010</u>

Notes to the financial statements

For the year ended 31 December 2021

8. Debtors

	2021 £	2020 £
Trade debtors	1,980,125	1,843,520
Amounts owed by group undertakings	1,099,596	512,894
Prepayments and accrued income	10,184	1,177,300
Tax recoverable	129,831	-
	<u>3,219,736</u>	<u>3,533,714</u>

9. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	889,643	2,078,816
	<u>889,643</u>	<u>2,078,816</u>

10. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	141,639	218,386
Corporation tax	-	254,674
Other taxation and social security	518,236	1,596,436
Other creditors	7,363	6,086
Accruals and deferred income	1,319,429	1,205,437
	<u>1,986,667</u>	<u>3,281,019</u>

Notes to the financial statements

For the year ended 31 December 2021

11. Deferred taxation

	2021 £	2020 £
At beginning of year	(21,609)	(3,836)
Charged to profit or loss	(22,549)	(17,773)
At end of year	<u>(44,158)</u>	<u>(21,609)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	<u>(44,158)</u>	<u>(21,609)</u>
Accelerated capital allowances	<u>(44,158)</u>	<u>(21,609)</u>

12. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
6,700 (2020 - 6,700) ordinary shares of £1.00 each	6,700	6,700
2,300 (2020 - 2,300) A ordinary shares of £1.00 each	2,300	2,300
1,000 (2020 - 1,000) B ordinary shares of £1.00 each	1,000	1,000
100 (2020 - 100) preference shares of £1.00 each	100	100
	<u>10,100</u>	<u>10,100</u>

13. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

14. Related party transactions

The company has taken advantage of the exemption within FRS 102 not to disclose transactions entered into by two or more wholly owned members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member. During the year the company had sales of £ 744,873 with a company related by virtue of a common director.

Notes to the financial statements

For the year ended 31 December 2021

15. Controlling party

The immediate parent undertaking is TQ360 Limited, a company incorporated in Scotland and the ultimate parent undertaking is Cherry Valley Qnostics Limited, a company incorporated in Northern Ireland. The results of the company will be consolidated in the financial statements of TQ360 Limited. Copies of the group accounts are available at the following address:

Block 1 Todd Campus
West of Glasgow Science Park
Glasgow
G20 0XA

In the opinion of the directors, the ultimate controlling parties are the directors.