

Company registration number 07902511 (England and Wales)

**TRAKCEL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**TRAKCEL LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	Mr J M Mackowski Mr R Nalliah Ms J Welsh Dr F N Hallett Withey
<b>Company number</b>	07902511
<b>Registered office</b>	10-11 Raleigh Walk Waterfront 2000 Brigantine Place Cardiff CF10 4LN
<b>Auditor</b>	UHY Hacker Young Lanyon House Mission Court Newport South Wales United Kingdom NP20 2DW

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**TRAKCEL LIMITED**

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## **TRAKCEL LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present the strategic report for the year ended 31 December 2021.

#### **Fair review of the business**

The loss for the financial year and the financial position of the Company at the year-end are shown in the annexed financial statements.

The Company improved its performance over prior year and finished the year with an increase in revenue and gross profit and a reduced loss for the year of £3,729k (2020: £4,168k). At the end of the year the company had net assets of £4,845k (2020: £3,643k).

The Cell & Gene Therapy (CGT) industry continues to experience significant growth in the number of clinical trials and commercialised therapies. This greatly increases the demand for cell orchestration platforms that can allow companies to manage their complex supply chain requirements.

During the year, the Company launched its new products OCELLOS by TrakCel and OCELLOS Lite, both of which are modular in design and provide the flexibility to be able to manage multiple types of these complex supply chains. The directors are confident that the Company is now well placed because of its market leading product and service offerings, to meet the rapidly evolving needs of the CGT industry.

#### **Principal risks and uncertainties**

##### **Price risk**

The Company is not particularly exposed to any specific pricing risks. Both revenue and purchase contracts are reviewed on a regular basis.

##### **Liquidity risk**

The Company is financed through capital contributions made by the parent company, TrakCel Holding Company, Inc. in addition to revenues raised through normal business activities. The directors monitor closely both current and future liquidity levels taking into consideration trading activity alongside funding requirements.

##### **Foreign exchange risk**

The Company is exposed to movements in exchange rates due to overseas trading and manage this through a combination of foreign bank accounts and hedging instruments.

##### **Key performance indicators**

The main KPIs used are performance versus budget and prior financial year for turnover, gross profit, EBITDA and those dealing with working capital management.

On behalf of the board

Dr F N Hallett Withey  
**Director**

20 September 2022

## **TRAKCEL LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their annual report and financial statements for the year ended 31 December 2021.

#### **Principal activities**

TrakCel Limited is a market leading developer of integrated cell orchestration solutions. TrakCel has specifically designed these solutions to manage the international cell and gene therapy supply chains, enabling real-time control for all organisations working across the entire therapeutic value chain. The platform continues to evolve in collaboration with, and is increasingly adopted by, leading companies in the cell, gene and immunotherapy industries.

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J M Mackowski

Mr R Nalliah

Mr P J Roberts

(Resigned 3 February 2022)

Ms J Welsh

Dr F N Hallett Withey

#### **Auditor**

UHY Hacker Young were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

#### **Statement of disclosure to auditor**

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

## **TRAKCEL LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Going concern**

At 31 December 2021, the Company had a cash equivalent position of £144,757 (2020: £908,969) with no bank debt.

During the year, TrakCel Limited received a capital contribution of \$6,743,296 (£4,905,473) from the Parent Company, being the amount owed to the Parent Company at the date of the contribution. The contribution has been reflected as a credit to reserves.

In January 2022, TrakCel closed an extension to the previous investment round which was wholly funded by existing investors for an amount of \$5m. This amount has been received as share capital in the company's immediate parent, TrakCel Holding Company Inc (the "Parent Company"). TrakCel Limited has access to these funds to support its day to day operations by virtue of a parental letter of support. TrakCel Limited is the only subsidiary of the Parent Company. The Parent Company also have a letter of support from the main shareholder.

The Directors have prepared detailed monthly forecasts and projected cash flows for the remainder of the December 2022 financial year and for the full year ended December 2023. After due consideration, the Directors have concluded that based on their forecasts and the continued support of their main shareholder there is a reasonable expectation that the company has 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.

On behalf of the board

Dr F N Hallett Withey  
**Director**

20 September 2022

## **TRAKCEL LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TRAKCEL LIMITED**

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#### **Opinion**

We have audited the financial statements of TrakCel Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

The other information comprises the information included in the annual report<sup>4</sup>, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 our 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.

## **TRAKCEL LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF TRAKCEL LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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 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, 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.

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 engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- 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 the Companies Act 2006;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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.



**TRAKCEL LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBER OF TRAKCEL LIMITED**

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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 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

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

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

**Use of our report**

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

**Mr John Griffiths (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

21 September 2022

**Chartered Accountants**  
**Statutory Auditor**

Newport  
South Wales  
United Kingdom

**TRAKCEL LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	2,966,675	1,828,361
Cost of sales		(912,494)	(756,356)
<b>Gross profit</b>		2,054,181	1,072,005
Administrative expenses (including exceptional impairment (See note 10))		(6,110,204)	(5,969,053)
Other operating income		356,994	772,423
<b>Operating loss</b>	<b>4</b>	(3,699,029)	(4,124,625)
Interest payable and similar expenses	<b>7</b>	(18)	(7,580)
Fair value gains/(losses) on financial instruments	<b>8</b>	6,102	-
<b>Loss before taxation</b>		(3,692,945)	(4,132,205)
Tax on loss	<b>9</b>	(36,503)	(35,501)
<b>Loss for the financial year</b>		(3,729,448)	(4,167,706)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**TRAKCEL LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Loss for the year</b>	(3,729,448)	(4,167,706)
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>(3,729,448)</u>	<u>(4,167,706)</u>

**TRAKCEL LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2021**

		<b>2021</b>		<b>2020</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible assets	<b>11</b>	4,597,425		3,640,974	
Tangible assets	<b>12</b>	59,430		111,669	
		<u>4,656,855</u>		<u>3,752,643</u>	
<b>Current assets</b>					
Debtors	<b>14</b>	1,176,086		454,897	
Cash at bank and in hand		144,757		908,969	
		<u>1,320,843</u>		<u>1,363,866</u>	
<b>Creditors: amounts falling due within one year</b>	<b>15</b>	<u>(1,132,922)</u>		<u>(1,473,119)</u>	
<b>Net current assets/(liabilities)</b>			<u>187,921</u>		<u>(109,253)</u>
<b>Net assets</b>			<u><u>4,844,776</u></u>		<u><u>3,643,390</u></u>
<b>Capital and reserves</b>					
Called up share capital	<b>18</b>	4,562		4,562	
Share premium account	<b>19</b>	7,356,593		7,356,593	
Profit and loss reserves		<u>(2,516,379)</u>		<u>(3,717,765)</u>	
<b>Total equity</b>		<u><u>4,844,776</u></u>		<u><u>3,643,390</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 20 September 2022 and are signed on its behalf by:

Dr F N Hallett Withey  
**Director**

**Company Registration No. 07902511**

**TRAKCEL LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£	£	£	£
<b>Balance at 1 January 2020</b>		4,562	7,356,593	(4,109,486)	3,251,669
<b>Year ended 31 December 2020:</b>					
Loss and total comprehensive income for the year		-	-	(4,167,706)	(4,167,706)
Credit to equity for equity settled share-based payments	<b>17</b>	-	-	12,895	12,895
Capital contribution from parent company	<b>21</b>	-	-	4,546,532	4,546,532
<b>Balance at 31 December 2020</b>		4,562	7,356,593	(3,717,765)	3,643,390
<b>Year ended 31 December 2021:</b>					
Loss and total comprehensive income for the year		-	-	(3,729,448)	(3,729,448)
Credit to equity for equity settled share-based payments	<b>17</b>	-	-	25,361	25,361
Capital contribution from parent company	<b>21</b>	-	-	4,905,473	4,905,473
<b>Balance at 31 December 2021</b>		4,562	7,356,593	(2,516,379)	4,844,776

**TRAKCEL LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	25	2,085,562	3,247,664
Interest paid		(18)	(7,580)
Income taxes (paid)/refunded		(192,122)	112,993
<b>Net cash inflow from operating activities</b>		<u>1,893,422</u>	<u>3,353,077</u>
<b>Investing activities</b>			
Purchase of intangible assets		(2,653,618)	(2,747,618)
Purchase of tangible fixed assets		(4,086)	(412)
Proceeds on disposal of tangible fixed assets		70	2,375
<b>Net cash used in investing activities</b>		<u>(2,657,634)</u>	<u>(2,745,655)</u>
<b>Financing activities</b>			
Repayment of bank loans		-	(1,008)
<b>Net cash used in financing activities</b>		<u>-</u>	<u>(1,008)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(764,212)</u>	<u>606,414</u>
Cash and cash equivalents at beginning of year		908,969	302,555
<b>Cash and cash equivalents at end of year</b>		<u><u>144,757</u></u>	<u><u>908,969</u></u>

## **TRAKCEL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies**

##### **Company information**

TrakCel Limited is a private company limited by shares incorporated in England and Wales. The registered office is 10-11 Raleigh Walk Waterfront 2000, Brigantiae Place, Cardiff, CF10 4LN.

##### **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.

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**

At 31 December 2021, the Company had a cash equivalent position of £144,757 (2020: £908,969) with no bank debt.

During the year, TrakCel Limited received a capital contribution of \$6,743,296 from the Parent Company, being the amount owed to the Parent Company at the date of the contribution. The contribution has been reflected as a credit to reserves.

In January 2022, TrakCel closed an extension to the previous investment round which was wholly funded by existing investors. This amount has been received as share capital in the company's immediate parent, TrakCel Holding Company Inc (the "Parent Company"). TrakCel Limited has access to these funds to support its day to day operations by virtue of a parental letter of support. TrakCel Limited is the only subsidiary of the Parent Company. The Parent Company also have a letter of support from the main shareholder.

The Directors have prepared detailed monthly forecasts and projected cash flows for the remainder of the December 2022 financial year and for the full year ended December 2023. After due consideration, the Directors have concluded that based on their forecasts and the continued support of their main shareholder there is a reasonable expectation that the company has 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.

##### **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. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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.

##### **1.4 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

##### **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.

**TRAKCEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1 Accounting policies**

**(Continued)**

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:

Software	3 years
Development costs	3 to 10 years
Assets under development	See below

Assets under development are stated at cost. These assets are not amortised until they become available for use.

**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:

Leasehold improvements	40% straight line
Fixtures and fittings	25% straight line and reducing balance
Computer equipment	20% straight line and reducing balance

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 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



**TRAKCEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1 Accounting policies**

**(Continued)**

**1.8 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.

**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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Impairment of financial assets**

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

## TRAKCEL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. 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. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### Derecognition of financial liabilities

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

#### 1.9 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.

#### 1.10 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.

#### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**TRAKCEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1 Accounting policies**

**(Continued)**

**1.12 Share-based payments**

Eligible employees may receive part of their remuneration for services provided to the company in the form of a share-based payment transaction by which they receive rights over shares in the ultimate parent company, TrakCel Holding Company Inc., by means of an equity settled transaction.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

In the case of options granted, fair value is measured by a Black-Scholes pricing model.

**1.13 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**1.14 Foreign exchange**

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.

**2 Judgements and key sources of estimation uncertainty**

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

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

**TRAKCEL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021****2 Judgements and key sources of estimation uncertainty (Continued)****Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

**Assets under development and development costs**

Assets under development are capitalised as the directors believe that once complete they will become capitalised development costs and they expect that they will be able to demonstrate technical, commercial and financial feasibility. At 31 December 2021 £2,627,358 (2020: £2,746,718) of assets under development costs had been capitalised and £4,294,808 (2020: £841,306) transferred to capitalised development costs.

The directors have completed an assessment on the commercial and financial viability of all completed development costs and are satisfied that it is appropriate to capitalise.

Capitalised development costs are being amortised between 3 to 10 years.

The assessment of technical, commercial and financial feasibility involves significant judgement. The choice of useful economic life also includes significant judgement and the choice of life can have a significant effect on the company's results.

**3 Turnover and other revenue**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by class of business</b>		
Rendering of services	2,966,675	1,828,361
	<u>2,966,675</u>	<u>1,828,361</u>
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Other revenue</b>		
Grants received	164,872	585,575
R&D expenditure credit	192,122	186,848
	<u>356,994</u>	<u>772,423</u>

Grants received include £6,484 (2020: £189,531) of furlough income from the UK Government due to the Covid-19 pandemic.

**4 Operating loss**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	19,982	(13,641)
Government grants	(164,872)	(585,575)
Fees payable to the company's auditor for the audit of the company's financial statements	8,500	8,500
Depreciation of owned tangible fixed assets	53,927	82,613
Loss on disposal of tangible fixed assets	2,328	3,289
Amortisation of intangible assets	1,037,790	1,181,953
Impairment of intangible assets	657,480	465,065
Loss on disposal of intangible assets	1,897	-
Share-based payments	25,361	12,895
	<u>2,412,392</u>	<u>1,244,090</u>

**TRAKCEL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021****5 Employees**

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Admin	14	12
Operations	24	36
Research & Development	25	38
	<u>63</u>	<u>86</u>
Total	<u><u>63</u></u>	<u><u>86</u></u>

Their aggregate remuneration comprised:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,024,464	3,591,602
Social security costs	312,491	355,875
Pension costs	105,672	119,732
	<u>3,442,627</u>	<u>4,067,209</u>
	<u><u>3,442,627</u></u>	<u><u>4,067,209</u></u>

**6 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	265,000	160,000
Company pension contributions to defined contribution schemes	10,812	6,537
	<u>275,812</u>	<u>166,537</u>
	<u><u>275,812</u></u>	<u><u>166,537</u></u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	140,000	-
Company pension contributions to defined contribution schemes	5,712	-
	<u>145,712</u>	<u>-</u>
	<u><u>145,712</u></u>	<u><u>-</u></u>

**7 Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	18	7,580
	<u>18</u>	<u>7,580</u>
	<u><u>18</u></u>	<u><u>7,580</u></u>

**TRAKCEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**8 Fair value gains/(losses) on financial instruments**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Gain on financial assets held at fair value through profit or loss	6,102	-
	<u>6,102</u>	<u>-</u>

**9 Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	36,503	35,501
	<u>36,503</u>	<u>35,501</u>

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Loss before taxation	(3,692,945)	(4,132,205)
	<u>(3,692,945)</u>	<u>(4,132,205)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(701,660)	(785,119)
Tax effect of expenses that are not deductible in determining taxable profit	6,962	3,653
Unutilised tax losses carried forward	628,097	598,217
Depreciation in excess of capital allowances	206,814	285,257
Fixed asset differences	358	3,342
RDEC tax charge	36,503	35,500
Capitalised R&D deduction	(140,992)	(102,001)
Other timing differences	421	(3,348)
	<u>36,503</u>	<u>35,501</u>
Taxation charge for the year	<u>36,503</u>	<u>35,501</u>

TrakCel Limited have tax losses carried forward of £18,382,474 (2020: £15,076,700).

The tax charge relates to the charge on the R&D expenditure credit included in note 3.

**TRAKCEL LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**
**10 Impairments**

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of:			
Intangible assets	11	657,480	465,065
Recognised in:			
Administrative expenses		657,480	465,065

**11 Intangible fixed assets**

	Software £	Development costs £	Assets under development £	Total £
<b>Cost</b>				
At 1 January 2021	116,670	5,436,190	2,247,901	7,800,761
Additions - internally developed	22,631	3,629	2,627,358	2,653,618
Disposals	(10,642)	-	-	(10,642)
Transfers	-	4,294,808	(4,294,808)	-
At 31 December 2021	128,659	9,734,627	580,451	10,443,737
<b>Amortisation and impairment</b>				
At 1 January 2021	79,748	4,080,039	-	4,159,787
Amortisation charged for the year	30,393	1,007,397	-	1,037,790
Impairment losses	-	657,480	-	657,480
Disposals	(8,745)	-	-	(8,745)
At 31 December 2021	101,396	5,744,916	-	5,846,312
<b>Carrying amount</b>				
At 31 December 2021	27,263	3,989,711	580,451	4,597,425
At 31 December 2020	36,922	1,356,151	2,247,901	3,640,974

An impairment of development costs has arisen in the year due the write off of the TrakCel T1 product.

**TRAKCEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**12 Tangible fixed assets**

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2021	92,094	55,094	194,006	341,194
Additions	-	-	4,086	4,086
Disposals	-	(5,133)	(12,376)	(17,509)
At 31 December 2021	92,094	49,961	185,716	327,771
<b>Depreciation and impairment</b>				
At 1 January 2021	77,155	29,601	122,769	229,525
Depreciation charged in the year	14,939	6,373	32,615	53,927
Eliminated in respect of disposals	-	(2,814)	(12,297)	(15,111)
At 31 December 2021	92,094	33,160	143,087	268,341
<b>Carrying amount</b>				
At 31 December 2021	-	16,801	42,629	59,430
At 31 December 2020	14,939	25,493	71,237	111,669

**13 Financial instruments**

	2021 £	2020 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	560,041	91,789
Instruments measured at fair value through profit or loss	6,102	-
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,040,162	1,393,513

**14 Debtors**

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	519,308	79,840
Corporation tax recoverable	306,967	151,348
Derivative financial instruments	6,102	-
Other debtors	67,652	24,728
Prepayments and accrued income	276,057	198,981
	1,176,086	454,897



**TRAKCEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**15 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade creditors	258,420	677,979
Taxation and social security	92,760	79,606
Other creditors	31,660	92,136
Accruals and deferred income	750,082	623,398
	<u>1,132,922</u>	<u>1,473,119</u>

**16 Retirement benefit schemes**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	105,672	119,732
	<u>105,672</u>	<u>119,732</u>

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

At the year end the company had outstanding pension contributions of £31,660 (2020: £29,554) this amount being included within creditors due within one year.

**17 Share-based payment transactions**

	<b>Number of share options</b>		<b>Weighted average exercise price</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
Outstanding at 1 January 2021	151,747	-	1.93	-
Granted	17,221	151,747	6.05	1.93
Forfeited	(3,126)	-	1.93	-
	<u>165,842</u>	<u>151,747</u>	<u>2.35</u>	<u>1.93</u>
Outstanding at 31 December 2021	165,842	151,747	2.35	1.93
	<u>165,842</u>	<u>151,747</u>	<u>2.35</u>	<u>1.93</u>
Exercisable at 31 December 2021	69,177	1,563	1.87	1.93
	<u>69,177</u>	<u>1,563</u>	<u>1.87</u>	<u>1.93</u>

No share options were exercised during the current or prior year.

The options outstanding at 31 December 2021 had an exercise price ranging from \$2.39 to \$8.48, and a remaining contractual life of 2 and 3 years.

**TRAKCEL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021****17 Share-based payment transactions****(Continued)**

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

The fair value of the share options granted during the year was \$8.48.

Inputs were as follows:

	2021	2020
Expected volatility	80.00	27.00
Expected life	4.00	4.00
Risk free rate	0.19	2.86

**Liabilities and expenses**

During the year, the company recognised total share-based payment expenses of £25,361 (2020 - £12,895) which related to equity settled share based payment transactions.

**Group share-based payments**

The company participates in a group share based payment plan, and recognises and measures its share based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The allocation is based on the number of employees benefiting from the share based payment plan employed by each group entity.

**18 Share capital**

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of 1p each	284,730	284,730	2,848	2,848
Series A shares of 1p each	171,429	171,429	1,714	1,714
	<u>456,159</u>	<u>456,159</u>	<u>4,562</u>	<u>4,562</u>

**19 Share premium account**

The company has two classes of ordinary shares which carry no right to fixed income.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

**TRAKCEL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021****20 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	2021	2020
	£	£
Acquisition of intangible assets	-	167,000
	<u>          </u>	<u>          </u>

**21 Capital contribution**

During the year, the parent company made capital contributions totalling £4,905,473 (2020: £4,546,532). The contributions have been reflected as credits to reserves.

**22 Related party transactions**

During the year, TrakCel Limited was invoiced £75,600 (2020: £62,400) in rent from Corvette Properties Limited. Corvette Properties Limited is a related party by virtue of common directors. The balance outstanding at the year end was £Nil (2020: £Nil).

During the year TrakCel Limited was invoiced £nil (2020: £10,423) for services provided by its controlling party, Telegraph Hill Partners. The balance outstanding at year end was £Nil (2020: £Nil). There were also capitalised management charges of £955,464 (2020: £420,938) for recharged wages.

**23 Operating lease commitments****Lessee**

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

	2021	2020
	£	£
Within one year	67,329	32,517
Between two and five years	100,772	3,309
	<u>          </u>	<u>          </u>
	168,101	35,826
	<u>          </u>	<u>          </u>

**24 Ultimate controlling party**

The immediate parent company is TrakCel Holding Company Inc., incorporated in the United States of America. The ultimate controlling parties are the members of Telegraph Hill Partners, a private equity fund based in the United States of America.

**TRAKCEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**25 Cash generated from operations**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Loss for the year after tax	(3,729,448)	(4,167,706)
<b>Adjustments for:</b>		
Taxation charged	36,503	35,501
Finance costs	18	7,580
Loss on disposal of tangible fixed assets	2,328	3,289
Loss on disposal of intangible assets	1,897	-
Amorisation and impairment of intangible assets	1,695,270	1,647,018
Depreciation and impairment of tangible fixed assets	53,927	82,613
Other gains and losses	(6,102)	-
Equity settled share based payment expense	25,361	12,895
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(559,468)	553,022
Increase in creditors	4,565,276	5,073,452
<b>Cash generated from operations</b>	<b>2,085,562</b>	<b>3,247,664</b>

**26 Analysis of changes in net funds**

	<b>1 January 2021</b>	<b>Cash flows</b>	<b>31 December 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	908,969	(764,212)	144,757

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.