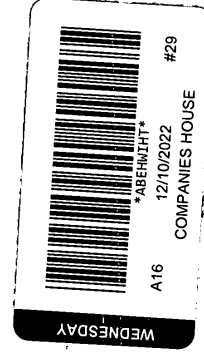


COMPANY REGISTRATION NUMBER: 09364884

Ventus Medical Limited
Financial Statements
31 December 2021



PM+M Solutions for Business LLP
Chartered Accountants & Statutory Auditor
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

Ventus Medical Limited

Financial Statements

Year ended 31 December 2021

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Ventus Medical Limited

Directors' Report

Year ended 31 December 2021

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

Principal activities

The principal activity in the year under review was that of the design and production of a medical device.

Directors

The directors who served the company during the year were as follows:

Dr SK Mahmood
Dr L Lane
Mr MJ Dignum
Mr J Lacour-Gayet

Dr R Parekh was appointed on 13 May 2022

Dr L Lane resigned on 13 May 2022

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 16 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the directors' 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 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 judgments and accounting estimates that are reasonable and prudent.

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.

Ventus Medical Limited

Directors' Report *(continued)*

Year ended 31 December 2021

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on **06/10/2022** and signed on behalf of the board by:

Kaasim Mahmood

Dr SK Mahmood
Director

Registered office:
Unit 8, The Matchworks
Speke Road
Garston
Liverpool
L19 2RF

Ventus Medical Limited

Independent Auditor's Report to the Members of Ventus Medical Limited

Year ended 31 December 2021

Opinion

We have audited the financial statements of Ventus Medical Limited (the 'company') for the year ended 31 December 2021 which comprise the income statement, statement of financial position, statement of changes in equity and the related notes, 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 FRS 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;
- 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.

Ventus Medical Limited

Independent Auditor's Report to the Members of Ventus Medical Limited

(continued)

Year ended 31 December 2021

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Ventus Medical Limited

Independent Auditor's Report to the Members of Ventus Medical Limited

(continued)

Year ended 31 December 2021

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 was as follows:

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.

- It is considered that there are no laws and regulations for which non-compliance may be fundamental to the operating aspects of the business. Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

Ventus Medical Limited

Independent Auditor's Report to the Members of Ventus Medical Limited

(continued)

Year ended 31 December 2021

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

Use of our report

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



Paul Spencer FCCA (Senior Statutory Auditor)

For and on behalf of
PM+M Solutions for Business LLP
Chartered Accountants & Statutory Auditor
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

06/10/2022

Ventus Medical Limited

Income Statement

Year ended 31 December 2021

	Note	2021 £	2020 £
Administrative expenses		1,657,296	1,151,123
Other operating income		<u>21,642</u>	<u>35,732</u>
Operating loss		(1,635,654)	(1,115,391)
Interest payable and similar expenses		<u>487,078</u>	<u>362,037</u>
Loss before taxation	6	(2,122,732)	(1,477,428)
Tax on loss	7	<u>(209,380)</u>	<u>(191,506)</u>
Loss for the financial year		<u>(1,913,352)</u>	<u>(1,285,922)</u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 10 to 17 form part of these financial statements.

Ventus Medical Limited

Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	8	222,601	182,939
Tangible assets	9	148,440	111,986
		<u>371,041</u>	<u>294,925</u>
Current assets			
Debtors	10	263,560	225,695
Cash at bank and in hand		136,708	31,259
		<u>400,268</u>	<u>256,954</u>
Creditors: amounts falling due within one year	11	1,760,211	1,273,928
Net current liabilities		<u>1,359,943</u>	<u>1,016,974</u>
Total assets less current liabilities		<u>(988,902)</u>	<u>(722,049)</u>
Creditors: amounts falling due after more than one year	12	6,110,660	4,610,660
Net liabilities		<u>(7,099,562)</u>	<u>(5,332,709)</u>
Capital and reserves			
Called up share capital		265	247
Share based payment reserve		146,481	—
Profit and loss account		(7,246,308)	(5,332,956)
Shareholders deficit		<u>(7,099,562)</u>	<u>(5,332,709)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 06/10/2022, and are signed on behalf of the board by:

Kaasim Mahmood

Dr SK Mahmood
Director

Company registration number: 09364884

The notes on pages 10 to 17 form part of these financial statements.

Ventus Medical Limited

Statement of Changes in Equity

Year ended 31 December 2021

	Note	Called up share capital £	Share based payment reserve £	Profit and loss account £	Total £
At 1 January 2020 (as previously reported)		247	–	(4,195,563)	(4,195,316)
Prior period adjustments	14	–	–	148,529	148,529
At 1 January 2020 (restated)		<u>247</u>	<u>–</u>	<u>(4,047,034)</u>	<u>(4,046,787)</u>
Loss for the year		–	–	(1,285,922)	(1,285,922)
Total comprehensive income for the year		–	–	(1,285,922)	(1,285,922)
At 31 December 2020		247	–	(5,332,956)	(5,332,709)
Loss for the year		–	–	(1,913,352)	(1,913,352)
Total comprehensive income for the year		–	–	(1,913,352)	(1,913,352)
Issue of shares		18	–	–	18
Issue of options, rights and warrants		–	146,481	–	146,481
Total investments by and distributions to owners		<u>18</u>	<u>146,481</u>	<u>–</u>	<u>146,499</u>
At 31 December 2021		<u>265</u>	<u>146,481</u>	<u>(7,246,308)</u>	<u>(7,099,562)</u>

The notes on pages 10 to 17 form part of these financial statements.

Ventus Medical Limited

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit 8, The Matchworks, Speke Road, Garston, Liverpool, L19 2RF.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

As forecast the company has continued to incur substantial losses in the year to 31 December 2021 as it continues to develop its products. The shareholders have agreed to continue to provide additional financial support to the company. Further investment of £1 million was received on 10th February 2022 along with £650,000 received on 12th August 2022. The directors are of the opinion that the company will continue to operate within the facilities currently available. The financial statements do not include any adjustments that would result from a withdrawal of this support.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Ventus Medical Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less impairment losses.

Patents are subject to an annual impairment review. As such no amortisation is charged in the accounts.

Research and development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 33% straight line
Equipment	- 33% straight line

Ventus Medical Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, deposits with banks, loans to related parties and investments in non-puttable ordinary shares.

Ventus Medical Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee incentive plans

Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. This is based upon the company's estimate of the shares or share options that will eventually vest which takes into account all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates.

Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met.

Where the terms of an equity-settled transaction are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the fair value of the transaction, as measured at the date of modification.

Where an equity-settled transaction is cancelled or settled, it is treated as if it had vested on the date of cancellation or settlement, and any expense not yet recognised in profit or loss is expensed immediately.

Cash-settled share-based payment transactions are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

4. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>7,200</u>	<u>6,780</u>

5. Employee numbers

The average number of persons employed by the company during the year amounted to 9 (2020: 8).

Ventus Medical Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

6. Profit before taxation

Profit before taxation is stated after charging:

	2021 £	2020 £
Depreciation of tangible assets	74,820	75,222
Impairment of intangible assets	<u>18,978</u>	<u>-</u>

7. Tax on loss

Major components of tax income

	2021 £	2020 £
Current tax:		
UK current tax income	(209,380)	(191,506)
Tax on loss	<u>(209,380)</u>	<u>(191,506)</u>

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Loss on ordinary activities before taxation	(2,122,732)	(1,477,428)
Loss on ordinary activities by rate of tax	(403,319)	(280,711)
Effect of expenses not deductible for tax purposes	107,683	85,792
Effect of capital allowances and depreciation	(24,577)	(6,257)
Unused tax losses	320,213	201,176
R&D Tax Credit	(209,380)	(191,506)
Tax on loss	<u>(209,380)</u>	<u>(191,506)</u>

Ventus Medical Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

8. Intangible assets

	Patents, trademarks and licences £
Cost	
At 1 January 2021	182,939
Additions	58,640
Impairments	(18,978)
At 31 December 2021	222,601
Amortisation	
At 1 January 2021 and 31 December 2021	—
Carrying amount	
At 31 December 2021	222,601
At 31 December 2020	182,939

9. Tangible assets

	Plant and machinery £	Equipment £	Total £
Cost			
At 1 January 2021	160,828	73,514	234,342
Additions	94,901	16,373	111,274
At 31 December 2021	255,729	89,887	345,616
Depreciation			
At 1 January 2021	90,102	32,254	122,356
Charge for the year	50,550	24,270	74,820
At 31 December 2021	140,652	56,524	197,176
Carrying amount			
At 31 December 2021	115,077	33,363	148,440
At 31 December 2020	70,726	41,260	111,986

10. Debtors

	2021 £	2020 £
Trade debtors	6,493	—
Other debtors	257,067	225,695
	263,560	225,695

Ventus Medical Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

11. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	41,132	45,046
Social security and other taxes	19,211	15,223
Other creditors	1,699,868	1,213,659
	<u>1,760,211</u>	<u>1,273,928</u>

12. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Other creditors	<u>6,110,660</u>	<u>4,610,660</u>

Other creditors comprise A ordinary shares which are redeemable, at the original subscription price of £6.2 million, at the request of the shareholders, at any time after May 2026. The shares attract a dividend at the rate of 8% per annum. The accumulated dividends will be paid when reserves are available. Accrued dividends to date of £1,686,274 are included in creditors due within one year.

13. Employee incentive plans

The Company operates both an EMI share option plan and a share subject to claw back plan. Under both plans the maximum amount of shares that the Company may issue is 1,993,750 which are offered at a share or exercise price specified by the Directors at the date of grant and vest, or reverse vest over a specified time. The share or exercise price and vesting conditions of the share options are subject to approval by the Board of Directors. Share grants and share options are subject to good leaver/bad leaver provisions.

As at 31st December 2021 the Company had issued 1,320,000 EMI Share Options to its employees of which 338,099 had vested. As at 31st December 2021 the company had issued 651,250 share subject to claw back to its employees and contributors of which 181,327 shares had vested. Each award had a share or exercise price of £0.0001. The fair value of the shares subject to claw back issued was measured using the Black Scholes valuation model. The expected volatility of the growth shares was assessed at 50% and a risk-free rate of 0.5% due comparison with other similar stage investment backed enterprises. As a result of the fair value exercise performed a profit and loss charge of £146,481 was recorded in the accounts, with corresponding credits to equity.

14. Prior period errors

During the preparation of the 2020 financial statements, it was identified that the preference share dividend accrual had been calculated based on the number of shares rather than subscription price. The 2019 dividend reduction was shown as a prior year adjustment. This resulted in a reduction of £148,529 to accruals as at 31 December 2019 and a corresponding reduction to the preference share dividend of that year.

Ventus Medical Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

15. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	36,163	34,839
Later than 1 year and not later than 5 years	148,934	144,391
	<u>185,097</u>	<u>179,230</u>

16. Events after the end of the reporting period

After the year end the company completed an investment round to support ongoing activities with £1 million being received on 10th February 2022 and £650,000 received on 12th August 2022.

17. Related party transactions

Mr MJ Dignum, a director and shareholder of the company, is a current director of Inter Scientific Limited, with which the company has a services agreement for the rental of machinery and consultancy services and the supply of business premises. During the year the company purchased services amounting to £29,732 from Inter Scientific Limited. The balance owed to Inter Scientific as at 31 December 2021 was £7,260. The company made supplies to Inter Scientific during the year of £25,934. Of this amount, £6,492 was receivable as at 31 December 2021.

18. Controlling party

At the balance sheet date the company was under the control of Advent Life Sciences LLP as the majority shareholder.