ABINGDON HEALTH

Abingdon Health PLC

(Formerly Abingdon Health Ltd)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2021

Company Registration No. 06475379 (England and Wales)

ABINGDON HEALTH

WE ARE ABINGDON HEALTH

IMPROVING LIFE BY MAKING RAPID RESULTS ACCESSIBLE TO ALL

Contents

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

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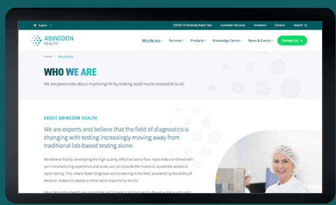


Chairman and CEO Joint Statement

Dr Chris Hand
CHAIRMAN

Chris Yates
CHIEF EXECUTIVE OFFICER

We are pleased to present Abingdon Health Plc's ("Abingdon's") maiden set of results as a listed Group. In December 2020 the Group was admitted to trading on the AIM market of the London Stock Exchange and raised £20m net.

Against the backdrop of significant global economic disruption as a result of the pandemic, the fundraising and flotation were completed in the context of the growing need and use cases for lateral flow testing as a leading diagnostic in the fight against COVID-19. Consequently, Abingdon has been active in supporting its customers in bringing innovative products and solutions to market to mitigate the impact of the pandemic.

Abingdon has invested circa £8.9m since the start of 2020 in the expansion of its manufacturing facilities in York and Doncaster to meet the growing demand within the lateral flow market. The Group's current manufacturing capacity now totals over 150m tests in card format and up to 85m tests to foiled device format per annum.

We remain confident that the lateral flow market will continue to grow through continued need for both antigen and antibody testing for COVID-19 as well as the wider adoption of lateral flow testing which is driving its expansion across a range of clinical, animal health, plant and environmental testing sectors. The Group remains well placed to support our global customers in developing and manufacturing at scale diagnostic tests.

STRATEGY

Our mission at Abingdon is to improve life by making rapid results accessible to all. We can achieve this by delivering our vision to be a leading global automated manufacturer of lateral flow tests.

Our long-term strategic objective is to become the largest automated manufacturer of lateral flow tests globally, providing development and contract manufacturing services to clients spanning a range of applications across the healthcare and non-healthcare sectors.

We focus on providing our contract service customers with a comprehensive, large-scale, end-to-end contract development and manufacturing capability. In addition, we will continue to utilise our development and manufacturing capabilities to develop our own products, typically in partnership with knowledge leaders in their field.

Our dedicated contract service team provides our customers with access to significant lateral flow expertise in developing lateral flow tests and scaling-up the production, through our technical transfer process, into high-throughput automated manufacture. Our contract development process manages product development through our quality management system and works closely with our customer(s) to develop and optimise their product(s) to design freeze (where all design work is complete and the product is capable of scalable manufacture) in a manner that meets the customer's, and the end-users' requirements, and importantly with the ability for the product to be manufactured at scale. Our technical transfer team takes this design frozen product and manufactures three batches on our automated equipment to ensure the product can be manufactured in a consistent and robust way. Following successful completion of technical transfer, our manufacturing team will work with our customers to meet their production requirements on an ongoing basis and will manufacture batches on our automated equipment.

In addition to our contract service business, we will continue to develop, manufacture and commercialise, our own products. We believe that COVID-19 is a catalyst for the expansion of self-testing across a range of other clinical areas and we will focus on developing and launching a range of complementary infectious disease products targeting the consumer market. Our route to market will be through commercial partners and we will focus our efforts on leveraging our development and manufacturing engine to launch innovative, high quality, easy-to-use infectious disease self-tests.

Since IPO, we have further enhanced our short-term strategic objectives which are focused on the following areas:

- Expanding our automated manufacturing capability;
- Investing in our technical transfer capability and knowledge leadership;
- Improving our processes & systems with a focus on scalability;
- Building close and effective partnerships with our customers; and
- Retaining, developing and engaging our people.

To maintain a competitive advantage in the lateral flow market we will continue to offer a comprehensive service proposition but believe it also critical to continue to innovate and invest in our operations and people. We strongly believe that we are at the start of a paradigm-shift in the use and application of rapid testing, initially within the COVID-19 area and this will transfer over time to other sectors such as infectious disease, animal health, plant and environmental testing.

PERFORMANCE IN PERIOD

Revenue for the full year was £11.6m (2020: £5.2m) which represented growth of 123% compared to the prior year. Excluding revenue from the Department for Health & Social Care ("DHSC"), revenue was £6.5m (2020: £2.7m) representing normalised growth of 138% and highlighting the strong underlying performance of the business.

We launched the AbC-19™ antibody test in July 2020 and sold 1 million tests to DHSC (£5.15m of revenue) with the order completed in January 2021. Payment for these tests is still outstanding at this time, but the Board is encouraged by positive recent discussions with DHSC regarding substantial collection of the amounts due (further detail on this can be found in note 16). We saw limited sales traction with AbC-19™ during the financial year as Governments across the world focused on antigen lateral flow testing and PCR testing. However, with the levels of immunity increasing due to previous infection and an increase in the vaccinated population we are confident that the "right to know" your antibody status will become increasingly important to, for example, stratify the patient population to focus on booster jabs for those that need them. We have submitted registrations for AbC-19™ in over 50 territories and the regulatory pathway in many of these territories are in differing stages of completion, which, once passed, is expected to unlock order volumes.

Excluding DHSC revenues from both 2020 and 2021 our revenues increased by 138% to £6.5m compared with the previous financial year. This was due to an increase in other COVID-19 development service revenue of £0.5m (884% increase compared with 2020), non-COVID-19 contract manufacturing activity of £0.5m (54% increase compared with 2020) and other COVID-19 product revenues of £2.8m (540% increase compared with 2020), which was due principally to increased sales of our PCRD lateral flow products.

Order Book

Much of our development work outside of AbC-19™ was focused on scaling-up our customers' antigen and antibody COVID-19 test production. We were pleased to announce in August 2021 the completion of the technical transfer of the BioSure COVID-19 IgG antibody self-test, the first antibody test that has been approved by a Notified Body and CE marked for self-test home use. Technical transfer is the process whereby three or more independent production runs are manufactured, at increasing scale, and validated to illustrate the product is suitable for mass manufacture.

In addition, in July 2021 we announced the completion of the transfer of the Bioporto A/S lateral flow product for its Generic Rapid Assay Device (gRAD) platform, Bioporto's proprietary patented technology for rapid lateral flow test development. The 10-year manufacturing agreement provide Bioporto with immediate access to high volume manufacturing to meet their anticipated global demand for its product.

As announced on 12 August 2021 we are in the process of transferring two COVID-19 Antigen tests into routine manufacture. On 30 September 2021 Avacta PLC ("Avacta") as part of its full year results presentation noted that their AffiDx® SARS-CoV-2 lateral flow test was in the process of transfer to Abingdon to allow commercial product to be manufactured and released. In October 2021 Vatic Health Limited ("Vatic") announced the strategic partnership with Abingdon for the development and manufacture of the Vatic KnowNow™ saliva COVID-19 antigen test.

We have received significant purchase orders for manufacturing batches from Vatic and Avacta, in advance of completion of technical transfer of their products, and we are putting in place the required component stock to allow us to seamlessly move into manufacturing in due course. The transfer of these antigen tests is timely given the move towards private-sector testing in the UK, the transition to cost-effective lateral flow testing from PCR testing for travel as well as the increased focus on antigen testing starting to emerge in the United States.

Pipeline

The pipeline of opportunities behind these technical transfers is encouraging and we have an additional two technical transfer contracts signed which we anticipate commencing in the second quarter of FY 2022. These opportunities are non-clinical lateral flow tests. Our priority is to focus on products in the late-stage of development which require transfer and scale-up to manufacturing.

Capacity

We made significant strides in expanding our manufacturing capabilities in both York and Doncaster during the financial year, with £8.9m committed to expanding the footprint at both sites and our investment in automated equipment. Our Doncaster site is focused on primary production, effectively the production of

CHAIRMAN AND CEO JOINT STATEMENT
continued

laminated lateral flow cards and has been expanded to include three new clean rooms. Our York site is focused on primary and secondary production, which involves cutting cards and placing them in housed devices which are then individually foiled and packaged. We built seven new cleanrooms in this facility this year. Our overall capacity is currently over 150 million tests in laminated card format and up to 85 million foiled devices and we have the space to bring in additional automation taking our secondary production capacity to over 140 million foiled devices. This dual-site capability provides significant flexibility as we can manufacture the same products on both sites and offers our customers assurance from a risk management perspective in the event that one site is unable to operate for a period (e.g. due to a COVID-19 outbreak).

Team

During the financial year we increased our average staff numbers from 51 to 151. In our August 2021 trading statement, we noted the impact that the dispute with DHSC was having on our business and the need to manage cash and reduce our workforce through a combination of redundancy and natural attrition. As at 31 October 2021 our headcount was 132, with our highest headcount during the year being 192.

GOVERNANCE AND PEOPLE

Mary Tavener was appointed senior-independent Non-Executive Director in November 2020 prior to flotation. Abingdon's other non-executive Directors Dr Chris Hand and Lyn Rees (independent) are both experienced healthcare diagnostics professionals with a strong understanding of the AIM market.

Our Audit Committee comprises Mary Tavener (Chair) and Lyn Rees; and our Remuneration Committee comprises Lyn Rees (Chair) and Mary Tavener. The Board has concluded that at this time the Group does not currently require a Nominations Committee but will review this assessment on a regular basis including discussing the matter with its Nominated Advisor.

The Board remains focused on ensuring its own effectiveness and that of the governance processes throughout the Group, and that these governance structures remain fit for purpose as the Group develops and grows over time.

SAVE AS YOU EARN SCHEME ("SAYE")

All eligible members of staff were invited to join the HMRC approved SAYE scheme which launched in April 2021 and allows employees to save up to £500 per month over a three-year vesting period. The employee then has the option at the end of that period to convert into shares and become shareholders in the Group or funds can be returned, providing flexibility to the employees.

COVID-19

The pandemic impacted the Group from the outset in March 2020. Initially our focus was predominantly on supporting the UK Government's requirement for a COVID-19 antibody test. This test was developed during the last quarter of FY20 and then transferred into manufacturing during the early part of FY21. The Group, along with its consortium partners in the UK Rapid Test Consortium ("UK-RTC"), produced one million AbC-19™ tests for the DHSC by January 2021.

During the Summer/Autumn 2020 the UK Government's priority shifted towards antigen and PCR testing and away from antibody testing. It is our understanding that the requirement for a COVID-19 antibody test in the initial period of the pandemic was due to the UK Government's initial focus on herd immunity which would have been gained at the time from high levels of infection. However, herd immunity has returned to the agenda again, due to high levels of vaccination as well as immunity derived from infection. Throughout the financial year we have also engaged with our contract customers on developing their COVID-19 antigen and antibody tests. We now have a range of tests being manufactured or in the late-stages of technical transfer that cover a range of different lateral flow COVID-19 applications and provide the Group with a number of material revenue generating opportunities over this and future financial years.

DHSC DISPUTE AND JUDICIAL REVIEW PROCESS

The Good Law Project ("GLP") is currently engaged in judicial review proceedings brought against the Secretary of State for Health and Social Care, which is due to be heard in May 2022. The DHSC is resisting the claims by the GLP. It is noted that the Group is an interested party, not a defendant in this case. The Group set out on its website on 9 August 2021 its detailed Grounds of Resistance as well as publishing the letter issued to the GLP via their solicitors, which corrected factual inaccuracies the GLP had continued to publish as part of its case. The Group continues to engage in this process to ensure that its reputation and good standing are not impugned and to ensure accurate information is made available to the judicial review.

As at the signing of these accounts the Group is owed £8.9m by DHSC for a combination of tests delivered (£5.2m), components bought on behalf of DHSC (£3.3m), plus a further commitment of (£0.4m) for goods not yet delivered to which DHSC retain legal title (this is further broken down in note 16). The Group believes that there are no legal grounds as to why these monies are not being paid in full and as such is following the Dispute Resolution Process as outlined in the contracts with DHSC. There have been two separate meetings with DHSC in an effort to find a resolution through mediation to this issue. During the second mediation both parties reached a non-binding agreement in principle which would, if concluded, lead to the outstanding monies being substantially collected and resolve all outstanding disputes with DHSC. The delay in these monies being paid has had a material impact on the Group, as previously announced to the market and has led the Board to conclude that there is a material uncertainty in relation to the going concern of the Group in the near term, linked to the non-recovery of these funds in line with the contractual obligations. We look forward to the conclusion of the dispute resolution process in due course so we can focus our efforts on building our business, creating jobs in the Northern Powerhouse region and supporting our customers' innovation and growth plans.

OUTLOOK

The COVID-19 market environment remains uncertain and there is no clear understanding of the direction that the pandemic will take.

In this uncertain environment Abingdon has sought to expand the range of COVID-19 rapid tests under manufacture to enable it to support Governments and private sector companies in dealing with the impact of the pandemic. Abingdon has a range of antigen and antibody lateral flow tests with manufacturing agreements in place or in the late stages of technical transfer.

Importantly, our significant technical transfer and manufacturing capability means we are ideally placed to support any changes in product specification of existing products if new variants emerge which require product changes. We remain optimistic on the opportunities for AbC-19™ and COVID-19 antibody testing in general, and this is now starting to lead to material orders.

DHSC non-payment has, as previously disclosed, put pressure on the Group's cash position. The Group could take action aimed at preserving cash, albeit the Board is reluctant to take such measures, as these would have an adverse impact on the Group's longer term prospects. Given the Board's growth plans for the Group and the likely timing of recovery of any monies due from DHSC, the Board anticipates that a working capital shortfall could arise during Q1 2022 if sufficient amounts from the DHSC are not collected. Certain Directors have indicated that they would be prepared to advance further funding to the Group and the Board is investigating options to raise further capital for the Group. The Board will provide further updates as appropriate.

It has been a challenging start to life as a listed Group; however, we remain excited by the opportunity for the part that lateral flow tests can play as a key diagnostic tool across multiple disease areas. We also look forward to the conclusion of the DHSC Dispute Resolution Process where good progress has been made in recent weeks. We would like to thank all our employees for their hard work, dedication and commitment during the past year despite the challenges we have faced in an uncertain economic climate. We are confident with our contract services customer base and our current pipeline means we are well positioned to grow our business and deliver shareholder value going forward.

STAKEHOLDER ENGAGEMENT

The Board of Directors of the Group considers that, individually and collectively, it has acted in the way which in good faith would be most likely to promote the success of the Group for the benefit of its stakeholders, employees, customers, suppliers, local government and communities in accordance with the stakeholder and matters noted in S172(1)(a-f) of the Act in the decisions taken during the year reported on, having regard to:

- The likely consequences of any decision in the long term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The need to regularly communicate with our shareholders;

CHAIRMAN AND CEO JOINT STATEMENT
continued

- The impact of the Group's operations on the community and the environment;
- The desirability of the Group in maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Group.

The Board looked to promote the success of the Group, having regard to the long term, whilst considering the interests of all stakeholders. Our strategy is designed to secure the long-term financial viability of the Group to the benefit of its members and all stakeholders. A main feature of this is to continue to operate the business within tight budgetary controls and in line with regulatory requirements. During the year this was done by reference to:

- our response to the Covid-19 pandemic;
- our continued and ongoing communication with our employees;
- our continued and ongoing communication with our shareholders
- our continued priority for health and safety improvement measured through ongoing risk assessments;
- the approval of our strategic objectives ('our strategy') for the Group; and
- the business plan for the next financial year ('our plan').

Stakeholder interests are considered by the Board through a combination of methods.

SHAREHOLDERS

We communicate with our shareholders through planned investor relation activities, Regulatory News Service ("RNS") announcements and the publication of our annual and half year reports. Through this we ensure our shareholders are provided with insight into the Group strategy and how we create value that will generate strong and sustainable results. We also engage with shareholders through the AGM, one on one investor meetings and discussions with shareholders where appropriate. Prior to the IPO the Board discussed the merits of completing an IPO through regular engagement with existing shareholders including discussion at Board meetings with shareholder representatives. After asserting that the shareholders were all supportive of the admission, the Board proceeded with the process. Throughout this process, the Board considered the benefits to the Company's shareholders and its wider stakeholders such as improving the ability of Abingdon to raise capital in the future to both fund investment in organic growth opportunities and acquisitions, improving the liquidity of the Company's shares, raising the profile of the Group as a plc and a listed company and increasing the opportunities to incentivise employees, for example by the Save As You Earn Scheme. The Board considered carefully the additional workload that being a listed Group would bring and the impact that would have on the Board and employees. Consideration was also given to the fact that the fundraising on IPO would dilute existing shareholders but when weighed against the potential benefits the Board determined that the IPO was on balance more beneficial to the shareholders and other stakeholders.

CUSTOMERS

Our customers are central to the strategic goals of the Group, and we strive to deliver products that meet not only their specific needs, but the highest applicable regulatory standards. We engage regularly with our customer base and conduct annual customer experience surveys taking action where appropriate. We also meet our customers' needs by maintaining facilities that are compliant to appropriate quality and regulatory standards.

EMPLOYEES

We appreciate the value of diversity within our employee base and recognise that the skills and knowledge of our employees is a key part of creating value within the organisation. We strive to create a friendly and open culture within the Group, holding regular all-staff calls led by either the CEO, CFO or COO and encourage career progression within the Group. Employees were a key consideration during the IPO process, which is covered in the Shareholder section above.

Making the working environment safe is critical and is of even higher importance during the current pandemic environment. The Group conducts an annual employee feedback survey, the results of which are reported to the Board and fed back to the employees along with any resulting actions. The Group has also encouraged the creation of an Employee Forum to more directly communicate both employee thoughts, considerations and needs to the Senior Management.

Open door sessions have also been conducted during the year to ensure open communication regarding matters such as health and safety, COVID-19 concerns and the launch of the SAYE scheme.

As a result of the DHSC dispute and the delay in receiving monies owed, the Group undertook a series of cost saving measures. The final measure taken was to review all departments and reduce headcount where possible. The business reluctantly entered into redundancy consultations with employees in roles that were identified 'at risk'. At every stage of the process employees were kept informed and provided with appropriate support.

Operating and Financial Review

REVENUE AND MARGINS

In the year revenue grew 123% to £11.6m (2020: £5.2m) with £5.15m (2020: £2.5m) of this being related to the sales and development of the AbC-19™ antibody test to the DHSC. Underlying sales growth was 138% when removing DHSC revenues from both comparative periods.

Revenue by Geographical Market

Geographical Market	2021 £m	%	2020 £m	%	Growth/ decrease
UK	6.6	57%	4.0	78%	61%
USA/Canada	3.4	29%	0.3	5%	1,220%
Europe	1.5	13%	0.8	16%	94%
ROW	0.1	0%	0.1	1%	-16%
Total	11.6	100%	5.2	100%	123%

Revenue by Operating Segment

Operating Segment	2021 £m	%	2020 £m	%	Growth/ decrease
Products	8.3	72%	0.6	22%	1,282%
Contract Manufacturing	1.7	15%	0.9	34%	83%
Contract Development	1.6	13%	3.7	44%	-58%
Total	11.6	100%	5.2	100%	123%

Contract Manufacturing (manufacture of products to a defined specification leading to recurring revenues, secured by customer contracts) grew 83% over the period, mainly in the Animal Health and Environmental sectors.

Product sales (own products that are part of our product catalogue that can be ordered via the website or through a network of distributors) comprised sales of non-covid products to the customer base, with growth year-on-year of 431%. New customers made up 88% of those sales but these speculative devices have yet to be proven in their chosen markets and so recurrent sales are difficult to predict at this time. Revenue in this segment also reflected sales generated from the launch of AbC-19™, which was the key driver of the total year-on-year increase of 1,282%.

Contract Development (R&D activity based on a day rate, developing and scaling up customer products as a fee for service) decreased 58% year-on-year with the comparative period including the £2.5m development fee from DHSC for AbC-19™. Excluding this contract, the underlying contract development revenue grew by 30%.

Other income (Grant Income) relates to Innovate UK Projects undertaken by the R&D team in the period.

Gross margin in the financial year was 36%. Gross margin in the prior year was inflated due to the £2.5m DHSC AbC-19™ research contract and normalised margin in FY20 excluding this contract was 58%. The main driver of this fall in margin was labour overhead, as we built and carried a larger headcount ramping up manufacturing capability to deliver beyond the 1m units delivered initially to DHSC.

OPERATING AND FINANCIAL REVIEW
continued

ADJUSTED EBITDA

The Group uses adjusted EBITDA as this excludes items which can distort comparability as well as being the measure of profit that most accurately reflects the cash generating activities of the Group. The reconciliation of these adjustments is as follows:

	Disclosure Note	**Year Ended 30 June 2021 £'000**	Year Ended 30 June 2020 £'000
Adjusted EBITDA		(3,256)	844
Impairment charges	5	–	(3,528)
Share based payment expense	26	(1,367)	(36)
Non-recurring legal fees	5	(257)	–
Non-recurring employee costs	5	(188)	–
Listing costs	5	(903)	–
Finance costs	9	(234)	(64)
Statutory EBITDA		(6,205)	(2,784)
Amortisation	13	(42)	(369)
Depreciation	14	(707)	(222)
Operating Loss		(6,954)	(3,375)

Adjusted EBITDA loss in the period was £3.3m (2020: profit £0.8m).

Headcount in the Group increased to an average of 151 (2020: 51) peaking at 192 in the reporting period. Consequently, staff costs overall increased to £7.4m (2020: £2.8m) reflecting the investment of the business in building a sustainable people infrastructure.

Further to the Group listing on the AIM market, its professional costs also increased to £1.9m (2020: £0.4m) with other increases being related to legal costs incurred in contract drafting. Other cost increases mainly relate to capacity growth. The footprint of the York site increased by 13,000 sq ft and the full year cost effect of the Doncaster site following the acquisition of the site in April 2020.

Non-recurring items are related to the costs associated with listing, employee termination payments and legal costs associated with the ongoing contract dispute discussions with the DHSC. Legal costs within the financial year relating to the contractual dispute with the DHSC totalled £120k, and a further £81k has been invoiced to 31 October 2021 with further costs likely to be incurred before these matters are concluded.

Obsolescence provisions totalling £1.0m have been made in the period. These predominantly fall into two categories, being those non AbC-19™ raw materials (£0.1m) that fall into ageing categories under which we automatically provide against and certain finished goods and semi-finished goods relating to AbC-19™ (£0.9m) which are flagged as an obsolescence risk due to the slower than anticipated take up of the product in the market, relating to regulatory clearance.

CASH RESOURCES

Net cash outflow from operating activities was £12.9m (2020: inflow £2.1m) mainly due to the increase in working capital requirements of trade and other receivables predominantly related to the overdue invoices from DHSC totalling £7.7m. This amount has subsequently increased to £8.9m due to further invoicing relating to the component procurement contract with the DHSC as purchase orders placed on behalf of the DHSC, which could not be subsequently cancelled, were fulfilled.

The net proceeds from financing activities were from the completion of the IPO process in December 2020 when the Group was listed on the AIM market. Altogether this represented a net cash increase of £0.6m when compared to the prior year, with a closing cash position of £5.0m (2020: £4.4m).

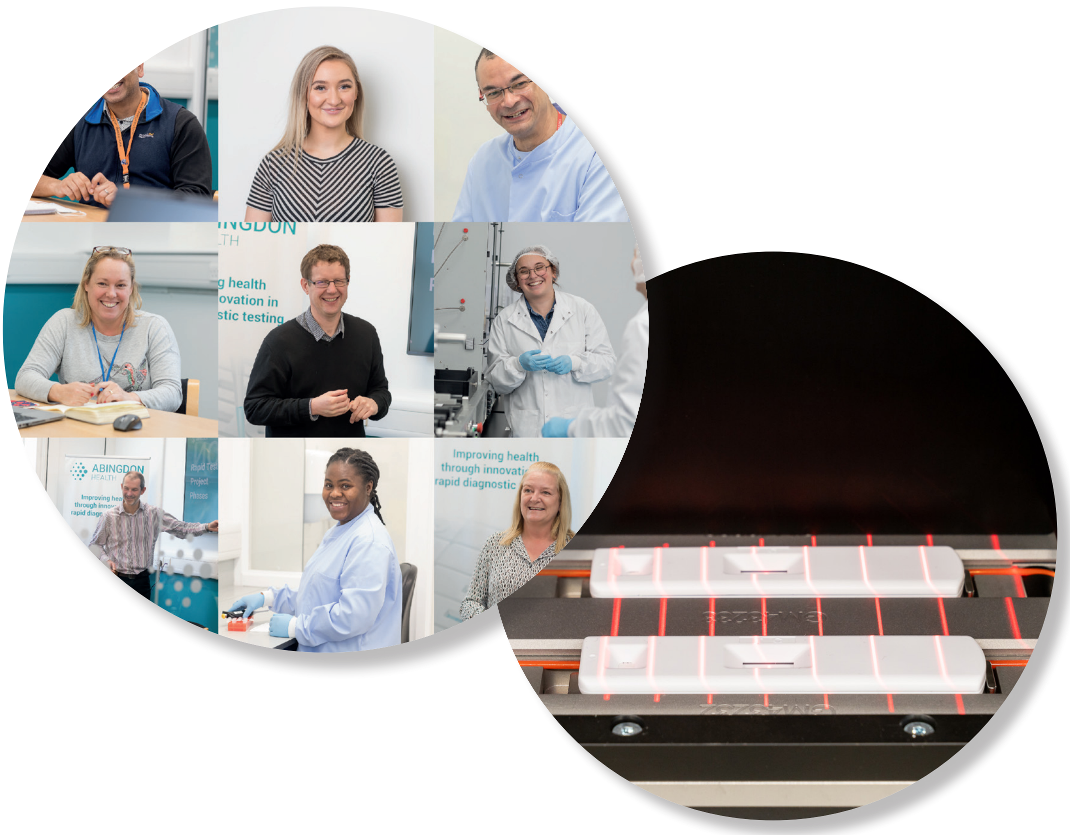
FINANCING

The principal source of funding of £20m (net of fees) came from the issue of new equity shares on completion of the IPO on 15 December 2020.

EARNINGS PER SHARE

Earnings per share was a loss of 2.65p in the period and adjusted EPS was a loss of 1.25p in the same period.

	EPS
Basic EPS	(2.65)p
Loss attributable to Shareholders	(£7.0m)
Add: Share Based Payments	£1.4m
Add: Non recurring legal fees	£0.3m
Add: Non recurring employment costs	£0.2m
Add: Listing Costs	£0.9m
Add: Depreciation and Amortisation	£0.7m
Add: Finance Costs	£0.2m
Adjusted Loss attributable to Shareholders	(£3.3m)
Adjusted EPS	(1.25)p



Principal Risks and Uncertainties

RISK	IMPACT AND DESCRIPTION	MITIGATING FACTORS
FUNDING RISK AND MATERIAL UNCERTAINTY IN RELATION TO GOING CONCERN Indication of risk on prior year:	The Group currently has a mixture of cash £5.0m and borrowings £0.5m. The cash position as at 30 September 2021 is £1.5m due to a cash burn and the delta of the total £8.9m due from DHSC with no confirmed date of funds clearance. The Board is confident that these monies are recoverable, but due to the timeframes being uncertain are considering fundraising options to bridge the working capital gap and continue to grow the business and access recurring revenues from Contract Manufacturing through Technical Transfer in the next 6-12 months. A material uncertainty in relation to the Group's ability to continue to trade for a period of at least 12 months from the approval of this Annual Report has been identified due to the uncertainty in relation to the timing of collection of the DHSC receivable.	Fundraising options are being considered to ensure that the trajectory of the business can continue as planned. The business had identified several areas where more severe cuts could be made to costs to preserve funds. With £8.9m of cash from DHSC received, no cash concerns would be prevalent in any of the forecasting scenarios.
INFECTIOUS DISEASES AND BUSINESS INTERRUPTION Indication of risk on prior year:	A future escalation in the spread of COVID-19 in the UK poses a threat to the continuation of business operations if there is a widespread infection in any of our facilities or amongst the workforce. This would also apply to risk in the Customer and Supplier profiles where crucial components and raw materials become scarce and difficult to import.	Dual site manufacturing capability across the primary manufacturing process in both York and Doncaster. Cross functional teams and shift rotations creating bubble environments to mitigate the risk of people being unable to complete activities in either R&D or Operations. Supply chain activities are focused on managing both our relationships with suppliers, as well as these risks through supply chain diversification and dual sourcing considerations.
REGULATORY APPROVAL Indication of risk on prior year:	As a business that supplies to international Customers a significant proportion of the products where we are acting as Legal Manufacturer require registration from multiple regulatory bodies prior to being offered for sale. There is no guarantee that any product registration by the Group will be successful and failure to do so could have a major impact upon the Group's ability to sell products in the relevant country.	We have a team of Quality and Regulatory specialists in house who can work on multiple registrations in parallel to increase the likelihood of approvals. Our EU representative for our products, Advena, have offices in Malta and the UK and advise on EU specific matters and IVDR. Our international product launch of AbC-19™ has pending registrations in over 50 countries and each territory has a different process. As AbC-19™ is a COVID-19 related product these can be registered using Emergency Use Authorisation ("EUA") in some territories, however each territory could have a different COVID-19 screening programme. Therefore it is difficult to confirm exact timelines to regulatory approval given each process is discretely different.

PRINCIPAL RISKS AND UNCERTAINTIES
continued

RISK	IMPACT AND DESCRIPTION	MITIGATING FACTORS
REVENUE GROWTH Indication of risk on prior year:	If Revenue Growth is not continuously achieved there is a risk that capacity will be under utilised.	Strategic plan to bring more Technical Transfer stage projects through the R&D Team and reduce the number of earlier stage Development Projects in the pipeline, accelerating the number moving into routine manufacturing creating recurring revenues and utilising the capacity increase. Use of automated lateral flow assembly equipment with versatile equipment which can changeover product types and increase the throughput in Operations.
KEY EMPLOYEES Indication of risk on prior year:	The Group operates in an industry where recruitment and retention of talented employees is crucial in being able to deliver the strategic objectives. Talent pools in the industry are not as immediately available as they may have been 12-24 months ago so the Group must be proactive in talent attraction. Recent redundancies have meant that the Group have had to work harder to retain and attract in an already difficult market.	The Group offers competitive salary and benefits packages to employees. There are training programmes in place which can identify talented individuals and offer them development, which will aid in retention. There is monitoring of trends in industry and the local area to ensure we have identified the correct talent pools which can improve our overall workforce management.
SUPPLY CHAIN Indication of risk on prior year:	The supply chain is subject to price movements due to inflationary pressure as well as other potential factors such as COVID related transport cost increases or further impacts from Brexit. This may lead to increasing prices for goods as well as increased lead times for critical components	Contractual arrangements in place offer some mitigation for component pricing. Supply chain activities focused on supplier management and dual sourcing where possible as well as identifying the highest risk areas and managing this stock supply and lead times accordingly. New supply chain activities recognise the risk inherent in offshore purchasing and balance this against the benefits of any price reductions achieved ensuring that there is a recognition of risk earlier and the supplier can be managed accordingly.

KEY: RISK LEVELS ON PRIOR YEAR

- ↑ Risk increase vs prior year
- → Risk remains the same vs prior year
- ↓ Risk reduction vs prior year

Board of Directors

Dr Chris Hand

NON-EXECUTIVE CHAIRMAN

Dr Chris Hand is co-founder of Abingdon Health. He has over 30 years' experience in the medical diagnostics industry in the development and commercialisation of immunodiagnostic products, particularly rapid tests. Chris co-founded the medical diagnostics company Cozart Bioscience Ltd specialising in saliva drug testing, and was Chief Executive of Cozart plc, following IPO on AIM in 2004, until October 2007 when the company was sold to Concateno plc. Prior to founding Cozart, Chris was Director of Research for the European base of DPC (now part of Siemens Healthcare Solutions) developing a wide range of immunodiagnostic kits in a variety of formats.

He has a BSc in Applied Biochemistry from Brunel University and a DPhil from the Faculty of Medicine, University of Oxford.

Chris Yates

CHIEF EXECUTIVE OFFICER

Chris Yates joined Abingdon Health as CEO in July 2015. Chris had originally co-founded Abingdon Health with Dr Chris Hand and Dr Brett Pollard in 2008 and had been a non-executive of the Group prior to his appointment as CEO. Prior to Abingdon Health, Chris held CFO positions in two medical diagnostic groups, both AIM-listed at the time, Immunodiagnostic Systems Holdings PLC and Cozart plc. Chris is also a non-executive director of AIM-listed near-patient molecular diagnostic business Genedrive plc. Chris is a fellow of the Institute of Chartered Accountants of England and Wales (ACA) and has a degree in economics from the University of Cambridge.

Melanie Ross

CHIEF FINANCIAL OFFICER

Melanie is a highly experienced executive with a strong track record of process and business improvement, and has broad experience in managing rapidly growing businesses, fundraisings, acquisitions, and corporate governance. Most recently she was Group Finance Director at GVO-B1 Ltd, and prior to that served as Chief Financial Officer and Chief Operating Officer at AIM-listed Surgical Innovations Group Plc where she was instrumental in leading the Group to profitability. Melanie holds a BA (Hons) in Accounting and Finance from the Nottingham Trent University.

Lyn Rees

NON-EXECUTIVE DIRECTOR

Lyn is an experienced executive in global healthcare and holds positions on the board of AIM-listed companies Yourgene Health plc and Concepta plc. Lyn was previously Group CEO at British Biocell International (now BBI Group) for over 9 years. Lyn began his role at BBI Group following the acquisition of BBI Holdings by Alere in 2008 and in his time, he oversaw the doubling of revenue growth. Lyn completed 7 acquisitions during his tenure at BBI Group and founded BBI Detection and BBI Animal Health. Lyn holds a degree in Business Studies from the University of Wales.

Mary Tavener

NON-EXECUTIVE DIRECTOR

Mary is the Senior Independent NED of Abingdon Health and Chair of the Audit Committee. Mary has extensive experience in the healthcare sector, having previously been Chief Financial Officer and Board member of AIM listed Advanced Medical Solutions plc (AMS) for 19 years during which the company saw 15 years of consecutive growth. Mary is a Member of the Chartered Institute of Management Accountants (ACMA) and a Fellow of the Association of Corporate Treasurers (FCT). She has a degree in Chemistry from the University of Oxford.

Corporate Governance

As a Board we acknowledge the importance of Corporate Governance and as such have adopted the Quoted Companies Alliance (QCA) Corporate Governance Code for Small and Mid-Sized quoted companies. Full details of the code and how we adopt it can be found on the Group's website within the Board and Governance section within the Investors section. The Board recognises the value of the code and good governance and applies the QCA code as far as is practicable for a Group the size and nature of Abingdon Health PLC.

The Chairman and the Board of Directors has overall responsibility for Corporate Governance and is committed to providing information on an open basis.

We summarise the key Corporate Governance features below, and in addition we further comment on certain principles of the Code as follows;

Principle 1: Establish a strategy and business model which promotes long terms value for stakeholders.

Narrative covering the strategy and business model of the Group is included in the Strategic Report within this Annual Report and Financial statements, include key challenges in their execution.

BOARD AND COMMITTEE MEETINGS

The size and structure of the Board and its Committees are kept under review to ensure an appropriate level of governance operates throughout the year.

There is a clear division of responsibilities between the Chairman, who is responsible for the running of the Board, and the Chief Executive Officer, who is responsible for running the business.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience in finance, innovation, international trading, e-commerce and marketing. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The Group reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. All Directors retire by rotation at regular intervals in accordance with the Group's Articles of Association.

Each Director is provided with sufficient information to enable them to consider matters in good time for meetings and enable them to discharge their duties properly. There is a formal schedule of matters reserved for Board approval. In principle the Board agrees the Group business plan, determines overall Group strategy, acquisition, investment, people and development and health and safety policies, as well as approval for major items of capital expenditure. The Directors continually ensure they are trained in association with duties and responsibilities of being a Director of a listed Company.

The current Board Members are profiled on page 16

The Board meets regularly and during the reporting period there were 11 Board Meetings, 1 Remuneration Committee meeting and 3 Audit Committee meetings.

	Board Meeting		Audit Committee		Remuneration Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
Dr Chris Hand	11	11	–	–	–	–
Mr Chris Yates	11	11	–	–	–	–
Mr Lyn Rees	11	11	3	3	1	1
Mrs Mary Tavener	8	8	3	3	1	1
Mrs Melanie Ross	5	5	2	2	1	1
Mr Scott Page*	11	11	3	3	1	1
Mr Max Duckworth[(1)]	4	4	–	–	–	–

* Attended as Director until Jan-21 and Company Secretary from Feb-21

[(1)] resigned 11 December 2020

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Chairman assesses the individual contributions of each of the members of the team on an ongoing basis to ensure that:

- Their contribution is relevant and effective;
- That they are committed; and
- Where relevant, they have maintained their independence.

The Chairman holds regular individual reviews with each Board member to discuss matters reserved for the Board and matters impacting Board effectiveness. The last internal Board effectiveness evaluation sought anonymous feedback from Directors and senior managers covering areas including structure & skills, operating effectiveness, quality & timeliness of information, and Board development.

Key Board activities this year included:

- Review of R&D projects;
- Review and approval of interim results;
- Commercial presentations;
- Risk management and risk register;
- Strategic Review;
- DHSC and judicial review considerations; and
- IPO project agreement, process and approvals.

AUDIT COMMITTEE

Chaired by: Mary Tavener

Other Members: Lyn Rees

The Audit Committee is appointed by the Board from amongst the Non-executive Directors of the Group and aims to meet at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required.

The Committee's responsibilities are set out in its terms of reference. The role of the Committee is to assist the board in fulfilling its oversight responsibilities by reviewing and monitoring:

- the integrity of the financial and narrative statements and other financial information provided to shareholders;
- the Group's system of internal controls and risk management;
- the internal and external audit process and auditors;
- the processes for compliance with laws, regulations and ethical codes of practice;
- the Group's attitude to and appetite for risk and its future risk strategy;
- how risk is reported internally and externally; and
- The Audit Committee is required to report its findings to the Board, identifying any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken.

The experience of the Committee members allows them to understand the risks facing a diagnostics business and approaches to manage the associated risks, maintain oversight of the Group's internal controls, review strategic financial management and provide support on the Group's approach to corporate governance.

CORPORATE GOVERNANCE
continued

During the year the Committee met 3 times due to the change in structure following the IPO in December 2020 and undertook the following activities:

- Meeting with the Auditors to review the interim results, discussing key accounting judgements made and advising the Board that these were a balanced and fair representation;
- Discussed supplier audits being undertaken, in particular the DHSC audit by Ankura;
- Reviewed and updated the risk register and reporting to the Board its view on the key operational and financial risks the business faced;
- Reviewed whether a going concern basis was appropriate for the preparation of the annual reports. Consideration was given to the DHSC late payment and its impact on the cash flow forecasting of the business. Due to this timing uncertainty it was determined that a material uncertainty relating to Going Concern should be disclosed; and
- Reviewed other key audit judgments and estimates.

REMUNERATION COMMITTEE

Chaired by: Lyn Rees

Other Members: Mary Tavener

The Remuneration Committee is appointed by the Board from amongst the Non-executive Directors of the Group and meets at least twice a year at appropriate times and otherwise as required.

The Committee's responsibilities are set out in its terms of reference. The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring remuneration strategy including:

- determine and agree with the Board the framework or broad policy for the remuneration of the Group's Chairperson and the executive directors including pension rights and compensation payments;
- recommend and monitor the level and structure of remuneration for senior management;
- review the ongoing appropriateness and relevance of the remuneration policy;
- approve the design of, and determine targets for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes; and
- report its findings to the Board, identifying any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken.

The objective of the Remuneration Committee is to ensure that remuneration is appropriate to attract, retain and motivate the executive management of the company without paying more than necessary. The remuneration policy will bear in mind the Group's appetite for risk and be aligned to the Group's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long-term success of the Group.

Nomination Committee – The Board has concluded that the Group does not currently require a Nominations Committee but will review this assessment on a regular basis including discussing the matter with its Nominated Advisor.

Principle 8: Promote a culture that is based on our values and behaviours. The Board aims to lead by example and do what is in the best interests of the Group.

The Group's culture, values and frameworks for customers, suppliers, colleagues, shareholders and other stakeholders, are fundamental to delivering business growth. The Board ensures that the Group has the means to determine that values are recognised and respected through its reward and recognition frameworks from performance and development review through to recognition awards over the period, general positive feedback has been received from shareholders in relation to the management. Other than the process of listing on AIM and the implementation of governance procedures required both as part of that process and as part of ongoing obligations of a PLC, there have been no other key governance matters to report during the year.

Directors' Report

The Directors present their annual report and financial statements for the year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The Group's principal activities continue to be to develop, manufacture and distribute diagnostic devices and provide consultancy services to businesses in the diagnostics sector.

DIRECTORS

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

Mr M Duckworth (Resigned 11 December 2020)

Dr Chris Hand

Mr Chris Yates

Mr Scott Page (Appointed 20 December 2019 and resigned 26 January 2021)

Mr Lyn Rees (Appointed 22 June 2020)

Mrs Mary Tavener (Appointed 26 October 2020)

Mrs Melanie Ross (Appointed 26 January 2021)

RESULTS AND DIVIDENDS

The results for the year are set out on pages 32 to 71. The Directors do not recommend payment of a dividend (2020 - £nil).

SUBSTANTIAL SHAREHOLDINGS

Other than the Directors' own holdings, the Board has been notified that, as at 29 October 2021, the following shareholders on the Group's share register held interests of 3% or more of the issued ordinary share capital of the Group:

Shareholder	Number of Shares ('000's)	%
Enterprise Ventures (General Partner NPIF YHTV Equity) Ltd	18,071	18.88%
Catenalucis LLC	7,266	7.59%
Thornapple LLP	6,113	6.39%
Hargreaves Lansdown Asset Mgt	4,633	4.84%
Touchstone Innovations Businesses LLP	4,165	4.35%
University of Birmingham	3,454	3.61%
Interactive Investor	3,252	3.40%

DIRECTORS' INTERESTS

The interests in the share capital of the Group of those Directors in office at the end of the year were as follows:

	Ordinary shares of 0.025p each	% held
Dr Chris Hand	11,228,868	11.73%
Chris Yates	6,513,844	6 .81%
Melanie Ross	5,000	0.01%

DIRECTORS' REPORT
continued

RESEARCH AND DEVELOPMENT

The Group's activities in this area focused on developing and improving lateral flow tests for new and existing customers. This is reported under the operating segment contract development in the Operating and Financial Review.

FINANCIAL RISK MANAGEMENT POLICIES

The Group's activities expose it to a variety of financial risks. The approach to these is covered in note 22.

FUTURE DEVELOPMENTS

The future developments of the Group are discussed in the Strategic Report.

GOING CONCERN

The Directors have prepared cash flows for the foreseeable future, being a period of at least 12 months from the expected date of approval of the financial statements and continue to evaluate financial forecasts. The Group continues to focus on gaining regulatory approvals and securing sales of existing and new products but the £8.9m of monies owed by the DHSC means that there may be a need to investigate further funding as well as reduce costs further to ensure that the Group has adequate financial resources to meet its obligations for the next twelve-month period with reasonable certainty. Based on the forecasts and the various sensitivities applied to this information, as well as consideration of the risks and mitigations that can also be applied, there is a material uncertainty in relation to going concern, with the business having a cash requirement in the near-term (for more information please refer to note 1.3).

The Group has received an offer of funding support from some of its existing shareholders, although this is non-binding at this stage and continues to also investigate other fundraising options available to the Group as well as considering more severe cost saving initiatives it can implement, whilst being mindful of the longer-term impact that these may have. As noted further immediately below in the Events after the reporting date section, the Group is also progressing matters with the DHSC to seek collection of the overdue amounts.

As a result of the above, we continue to adopt a going concern basis for the preparation of the accounts, but the above factors represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

EVENTS AFTER THE REPORTING DATE

Following the second mediation meeting between the Directors and the DHSC on 9 November 2021, both parties reached a non-binding agreement in principle, which would, if concluded, lead to the outstanding monies being substantially collected and resolve all outstanding disputes with the DHSC.

AUDITOR

In accordance with the Group's Articles and Section 491 Companies Act 2006, a resolution proposing that BDO LLP be reappointed as auditor of the Group will be put at the General Meeting in which these financial statements are presented.

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 Group'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 Group's auditor is aware of that information.

On behalf of the board

Mrs M Ross

Director

Date: 17 November 2021

Directors’ Responsibilities Statement

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 Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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;
- state whether the Group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 in respect of the Group, subject to any material departures disclosed and explained in the financial statements;
- state whether the Company financial statements have been prepared in accordance with applicable UK Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group’s website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group’s website is the responsibility of the Directors. The Directors’ responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditor's Report to Members of Abingdon Health PLC

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Abingdon Health plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1.3 to the financial statements which indicates the Directors' considerations over going concern. The Company is dependent on the recoverability of amounts owed by the Department of Health and Social Care ("DHSC") which is currently being pursued through the dispute resolution process in the Contract, or is required to investigate further funding options and reduce costs further in the near term. As stated in note 1.3, these events or conditions, along with other matters as set out in note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

As a result of the significant assumptions and judgements made by management in assessing going concern, which were based on their best estimates and analyses of the current market conditions and the uncertainty in respect of the timing of recoverability of the amount owed from DHSC (as disclosed in Notes 1.3 and Note 16 of the financial statements), going concern was considered to be a key audit matter.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ABINGDON HEALTH PLC
continued

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and our response to the key audit matter included:

- Obtaining and examining the Board's Going Concern paper, alongside supporting forecasts for the next two years.
- Challenging management's assumptions, such as revenue pipeline, as used in the forecast period through review of the historic forecast accuracy, comparing forecasts to post year end results, cost performance, current business trends and contract analysis.
- Considering the Board's probable scenarios of sensitivities, including Covid-19 potential impact, and when the amounts owed from DHSC are considered recoverable, or, if further delayed, to understand the robustness of the forecast trading model and the headroom available to the Group and Parent Company. This also assessed the Board's activity in relation to securing further funding together with other mitigation available to reduce costs.
- We obtained an understanding of the key events of the DHSC dispute from the Group's external legal counsel, as well as reviewing the findings from the mediation process which occurred in October and November 2021.
- Review of the available cash and financing facilities within the Group, and evaluation of management's downside sensitivities on cash flow headroom, incorporating a review of financial covenants compliance and headroom analysis throughout the forecast period.
- Obtaining confirmation that borrowing are in place and structured repayment of these loans is accurately modelled over the forecast period.
- Assessing the adequacy of the going concern disclosures included within the Financial Statements by management including the Covid-19 narrative in the basis of preparation in note 1.3 to the financial statements.

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.

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

OVERVIEW

Coverage	100% of Group loss before tax	
	100% of Group revenue	
	100% of Group total assets	
Key audit matters		2021
	Going concern	☒
	Revenue recognition	☒
Materiality	*Group financial statements as a whole*	
	£116k based on 1% of revenue - refer to 'Our application of materiality' section below for details.	

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Financial information relating to the Parent Company and its one significant component (being Forsite Diagnostics Limited), were subject to a full scope audit by the Group audit team, covering 99% of the revenue, and 95% of the loss before tax of the Group for the year.

Non-significant components (being Molecular Vision Limited and Serascience Limited), were subjected to specified audit procedures and relevant analytical procedures as part of the Group audit, with all work undertaken by the Group audit team. These non-significant components accounted for 1% of the revenue and 5% of the loss before tax of the Group for the year.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ABINGDON HEALTH PLC
continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the key audit matter described in the Material uncertainty related to going concern section above, other items determined as key audit matters to be communicated in our report are detailed below.

Key audit matter		How the scope of our audit addressed the key audit matter
Existence of Revenue The Group's accounting policy on revenue recognition is shown in note 1.4 to the financial statements.	We have assessed there to be a risk around the existence of revenue, which primarily in relation to the inclusion of potential fictitious revenues across the year, or revenue recognised through a manual journal process. We therefore identified revenue recognition as a significant risk and a key audit matter.	Our audit work included, but was not restricted to: • Evaluation of the Group's revenue recognition accounting policies for consistency with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • Testing a sample of revenue transactions and manual revenue journals across all material revenue streams and agreeing them to supporting documentation (i.e. contracts and delivery notes) to check that income had been appropriately recognised in accordance with the Group's accounting policy; • Testing a sample of revenue transactions occurring around the year end and agreeing them to supporting documentation to confirm that income had been appropriately recognised in accordance with the Group's accounting policy and in the correct period; • Calculating an expectation of revenue based upon sales cash receipts, and adjusting for opening and closing receivables and contract assets/liabilities and comparing this to the amount recognised in the financial statements;- and corroborating explanations from management for any significant variance in this comparison; • Testing a sample of manual revenue journal postings to supporting documentation, to check that income transactions had been recognised in accordance with the Group's revenue accounting policy; • For revenue recognised in respect of the contract with DHSC, we reviewed the contract and purchase order for key terms, selected a sample of units delivered under the contract in the year to confirm existence; and • Reviewed and discussed the mediation findings and correspondence that took place in October and November 2021. Key observations Based on our work performed, we consider that revenue has been recognised appropriately.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	Parent company financial statements
	2021 £'000s	**2021 £'000s**
Materiality	116	52
Basis for determining materiality	1% of group revenues	1% of revenues
Rationale for the benchmark applied	We considered revenue to be the most appropriate measure of performance and basis for determining materiality, given the volatility in results and the loss recorded for the period. The basis used to calculate Parent company materiality was 1% of revenues, given the Parent company had significant revenues in the year.	
Performance materiality	75	34
Basis for determining performance materiality	65% of materiality, based upon this being the first year the Parent Company is listed on AIM and a limited number of areas subject to significant estimation uncertainty, prior knowledge of misstatements and management's attitude to correcting any proposed adjustments.	

Component materiality

We set materiality for each component of the Group based on a percentage of between 45% and 75% of Group materiality (being £52k to £87k respectively) dependent on the size and our assessment of the risk of material misstatement of that component. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £3,480. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ABINGDON HEALTH PLC
continued

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: ● the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ● the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent 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.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ● adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ● the Parent Company 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of Directors' responsibilities, 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 Group's and the Parent 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 Group or the Parent 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.

Extent to which the audit was 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Group and the industries in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We considered the Group's compliance with laws and regulations that have a significant impact on the financial statements to be UK company law, UK tax legislation, the accounting framework and ISO security standards, and we considered the extent to which non-compliance might have a material effect on the Group financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included enquiries of management and of the Directors, reviewing the financial statement disclosures agreeing to underlying supporting documentation where necessary, review of Board meeting minutes and review of any applicable correspondence with legal counsel or tax authorities.

Our assessment of the susceptibility of the financial statements to fraud was through management override of controls and revenue recognition (existence, accuracy and completeness) which was addressed through detailed testing. We addressed the risk of management override of internal controls, including testing journal entries processed during the year and subsequent to the year end, testing of significant estimates (included capitalised development costs) and evaluating whether there was evidence of bias in the financial statements by the Directors that represented a risk of material misstatement due to fraud. We addressed the risk of inappropriate revenue recognition, including testing year end cut off and testing a sample of sales transactions across the year to ensure these are not considered to be fictitious sales and to assess and test the existence of revenue consistent with our key audit matter noted above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Langford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Leeds, UK

17 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2021

	Notes	Year ended 30 June 2021 £'000	As restated Year ended 30 June 2020 £'000
Revenue	3	11,618	5,235
Cost of sales		(7,475)	(1,149)
Gross profit		4,143	4,086
Administrative expenses		(7,547)	(3,367)
Other income	4	148	125
Adjusted EBITDA (before adjusting items)		(3,256)	844
Amortisation	13	(42)	(369)
Depreciation	14	(707)	(222)
Impairment charges	5	–	(3,529)
Share based payment expense	26	(1,367)	(36)
Non-recurring legal fees	5	(257)	–
Listing costs	5	(903)	–
Non-recurring redundancy costs	7	(188)	–
Operating loss		(6,720)	(3,312)
Finance income	8	–	2
Finance costs	9	(234)	(65)
Loss before taxation		(6,954)	(3,375)
Taxation (charge)/credit	10	(19)	1
Loss for the financial period		(6,973)	(3,374)
Other comprehensive income for the year net of tax		–	–
Total comprehensive loss for the year		(6,973)	(3,374)
Attributable to:			
Equity holders of the parent		(6,973)	(3,374)
Basic earnings per share (pence)	12	(2.65)	(1.38)
Diluted earnings per share (pence)	12	(2.65)	(1.38)

The notes on pages 40 to 71 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	30 June 2021 £'000	30 June 2020 £'000
Non-current assets			
Goodwill	13	763	763
Other intangible assets	13	465	16
Property, plant, and equipment	14	9,041	3,006
Deferred tax asset	23	–	–
		10,269	3,785
Current assets			
Inventories	17	7,888	779
Trade and other receivables	18	9,978	1,875
Income tax receivable		115	141
Cash and cash equivalents		4,977	4,388
		22,958	7,183
Total assets		33,227	10,968
Current liabilities			
Trade and other payables	19	10,405	3,447
Borrowings	20	125	3,318
Obligations under leases	21	227	221
		10,757	6,986
Non-current liabilities			
Borrowings	20	367	229
Obligations under leases	21	776	1,004
		1,143	1,233
Total liabilities		11,900	8,219
Net assets		21,327	2,749
Equity			
Attributable to the owners of the parent:			
Share capital	25	69	15
Share premium		24,180	13,195
Share based payment reserve	26	44	70
Retained earnings		(2,966)	(10,531)
Total equity		21,327	2,749

The notes on pages 40 to 71 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 17 November 2021 and are signed on its behalf by:

Mrs M Ross
Director

Company Registration No. 06475379

Company Statement of Financial Position

As at 30 June 2021

	Notes	**30 June 2021 £'000**	30 June 2020 £'000
Fixed assets			
Goodwill	13	–	–
Other intangible assets	13	462	13
Property, plant and equipment	14	4,436	1,845
Investment in subsidiaries	15	542	419
Deferred tax asset	23	–	–
		5,440	2,276
Current assets			
Inventories		419	–
Trade and other receivables	18	22,265	4,002
Income tax receivable		77	33
Cash at bank and in hand		3,220	3,746
		25,981	7,781
Total assets		31,421	10,057
Creditors: amounts falling due within one year			
Trade and other payables	19	7,074	2,291
Borrowings	20	125	3,305
Obligations under leases	21	227	221
		7,426	5,817
Net current assets		23,995	4,240
Total assets less current liabilities		29,435	6,516
Creditors: amounts falling due after one year			
Borrowings	20	367	229
Obligations under leases	21	776	1,004
Total liabilities		8,569	7,050
Net assets		22,852	3,007
Capital and reserves			
Share capital	25	69	15
Share premium		24,180	13,195
Share based payment reserve	26	44	70
Retained earnings		(1,441)	(10,273)
Total capital and reserves		22,852	3,007

The Company's loss after taxation for the year was £5,700,424 (2020 – profit: £412,762).

The notes on pages 40 to 71 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 17 November 2021 and are signed on its behalf by:

Mrs M Ross
Director

Company Registration No. 06475379

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2021

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity attributable to owners of the parent £'000
Balance at 1 July 2019	15	13,195	34	(7,157)	6,087
Year ended 30 June 2020:					
Profit and loss	–	–	–	(3,374)	(3,374)
Total comprehensive loss for the year	–	–	–	(3,374)	(3,374)
Other movements:					
Share option expenses	–	–	36	–	36
Balance at 30 June 2020	15	13,195	70	(10,531)	2,749
Year ended 30 June 2021:					
Profit and loss	–	–	–	(6,973)	(6,973)
Total comprehensive loss for the year	–	–	–	(6,973)	(6,973)
Other movements:					
Capital reduction		(13,145)	–	13,145	–
Bonus share allotment	46	(46)	–	–	–
Share option expenses	–	–	1,367	–	1,367
Share options vested	1	–	(973)	973	1
Share options cancelled	–	–	(420)	420	–
Conversion of loan notes	1	3,481	–	–	3,482
Shares issued on listing	6	21,994	–	–	22,000
Cost of issue of shares	–	(1,299)	–	–	(1,299)
Deferred tax OCI movement	–	–	–	–	–
Balance at 30 June 2021	69	24,180	44	(2,966)	21,327

The notes on pages 40 to 71 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 30 June 2021

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2019	15	13,195	34	(10,686)	2,558
Year ended 30 June 2020:					
Profit and loss	–	–	–	413	413
Total comprehensive loss for the year	–	–	–	413	413
Other movements:					
Share option expenses	–	–	36	–	36
Balance at 30 June 2020	15	13,195	70	(10,273)	3,007
Year ended 30 June 2021:					
Profit and loss				(5,700)	(5,700)
Total comprehensive loss for the year	–	–	–	(5,700)	(5,700)
Other movements:					
Capital reduction	–	(13,145)	–	13,145	–
Bonus share allotment	46	(46)	–	–	–
Share option expenses	–	–	1,367	–	1,367
Share options vested	1	–	(973)	973	1
Share options cancelled	–	–	(420)	414	(6)
Conversion of loan notes	1	3,481	–	–	3,482
Shares issued on listing	6	21,994	–	–	22,000
Cost of issue of shares	–	(1,299)	–	–	(1,299)
Balance at 30 June 2021	69	24,180	44	(1,441)	22,852

The notes on pages 40 to 71 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2021

	Notes	30 June 2021 £'000	30 June 2020 £'000
Cash flows from operating activities:			
(Loss) for the year		(6,973)	(3,374)
Adjustments for:			
Other income	4	(148)	(125)
Net finance costs		234	63
Tax charge/(credit)		19	(1)
Amortisation and impairment of intangible assets	13	42	3,898
Share based payments		1,367	36
Depreciation of property, plant and equipment	14	707	222
(Profit)/ loss on disposal of property, plant and equipment	14	–	–
Changes in working capital:			
(Increase) in inventories	17	(7,109)	(373)
(Increase) in trade and other receivables	18	(8,103)	(1,115)
Increase in trade and other payables	19	7,033	2,690
Cash (used in)/from operations		(12,931)	1,921
Interest paid (including leases)	9	(51)	(33)
Income taxes received		106	207
Net cash (outflow)/inflow from operating activities		(12,876)	2,095
Interest received	8	–	2
Purchase of intangible assets	13	(71)	(10)
Internally capitalised development costs	13	(419)	–
Purchase of property, plant and equipment	14	(6,761)	(1,650)
Proceeds on disposal of property, plant and equipment		8	–
Business combinations, net of cash received	15	–	(175)
Payment of deferred consideration	15	(32)	(105)
Net cash used in investing activities		(7,275)	(1,938)

The notes on pages 40 to 71 form part of these financial statements.

Consolidated Statement of Cash Flows
continued

For the Year Ended 30 June 2021

	Notes	30 June 2021 £'000	30 June 2020 £'000
Financing activities			
Proceeds from issue of own shares (net of costs *)	25	20,702	–
Cash withheld for SAYE scheme	26	9	–
Proceeds from new bank loans and borrowings	20	250	250
Payment of loans	20	(19)	–
Payment of lease obligations	21	(222)	(137)
Proceeds from issue of loan notes	20	20	3,252
Net cash generated from financing		20,740	3,365
Net increase in cash and cash equivalents		589	3,522
Cash and cash equivalents at beginning of the year		4,388	866
Cash and cash equivalents at end of the year		4,977	4,388
Recognised in the Statement of Financial Position as:			
Cash at bank and in hand		4,977	4,388
Overdrafts		–	–
		4,977	4,388

* Net of costs set against the share premium account only. Additional costs of admission to AIM are included within the Statement of Comprehensive Income and are shown as Operating cashflows.

The notes on pages 40 to 71 form part of these financial statements.

Note to the Cash Flow Statement

				Non-cash movements				
		1 July 2019 £'000	Cashflows £'000	New leases £'000	Debt for equity £'000	Transfer £'000	Accrued interest £'000	30 June 2020 £'000
Short term borrowings	20	13	3,273	–	–	–	31	3,317
Long term borrowings	20	–	229	–	–	–	–	229
Lease liabilities	21	504	(137)	858	–	–	–	1,225
Long-term debt		517	3,365	858	–	–	31	4,771

		1 July 2020	Cashflows	New leases	Debt for equity	Transfer	Accrued interest	30 June 2021
Short term borrowings	20	3,317	–	–	(3,482)	112	178	125
Long term borrowings	20	229	250	–	–	(112)	–	367
Lease liabilities	21	1,225	(222)	–	–	–	–	1,003
Long-term debt		4,771	28	–	(3,482)	–	178	1,495

The inception of new lease contracts with value £nil (2020 - £435,829*) was a major non-cash transaction.

* During 2020 new leases were recognised with a value of £422,504 as a result of a business combination in addition to this value.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1. ACCOUNTING POLICIES

Company information

Abingdon Health PLC ("the Company") is a public limited company domiciled and incorporated in England and Wales. The Company is quoted on the London Stock Exchange's Alternative Investment Market ("AIM"). The registered office is York Biotech Campus, Sand Hutton, York, YO41 1LZ. The consolidated financial information (or "financial statements") incorporates the financial information of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising the "Group").

The principal activity of the Group is to develop, manufacture and distribute diagnostic devices and provide consultancy services to businesses in the diagnostics sector.

1.1 Accounting convention

The Group financial statements have been prepared in accordance with international accounting standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 Financial Instruments: Disclosure, on the grounds that equivalent disclosures for financial instruments are presented in the group accounts of Abingdon Health PLC;

(b) the requirements of IAS 7 Statement of Cash Flows to present a statement of cash flows;

(c) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions and balances between two or more members of a group;

(d) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations', for which equivalent disclosures are included in the group accounts of Abingdon Health PLC;

(e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

  (i) paragraph 79(a)(iv) of IAS 1;

  (ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment'; and

  (iii) paragraph 118(e) of IAS 38 'Intangible Assets'.

(f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 'Presentation of Financial Statements; and

(g) the requirements of 'paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets'.

The financial statements are prepared in pounds sterling, which is the functional currency of the parent Company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's loss for the year was £5,700,424 (2020 loss: £412,762).

The principal accounting policies adopted in the preparation of the consolidated financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

1. ACCOUNTING POLICIES continued

1.2 Basis of consolidation

The Group financial information consolidates those of the Company and the subsidiaries that the Company controls, and incorporates the results, assets, liabilities, and cash flows of the company and each of its subsidiaries for the financial year ended 30 June 2021. Subsidiaries are entities controlled by the Group; the Group controls an entity if, and only if, the Group has all of the following elements:

- power over the entity, i.e., the Group has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the entity's returns);
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of the Groups' returns.

Where a subsidiary undertaking is acquired/disposed of during the year, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

All inter-company balances and transactions between group companies have been eliminated on consolidation. Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that are not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interest based on their respective ownership interests.

The Group applies the acquisition method of accounting for business combinations enacted after the date of creation of the Group following incorporation of Abingdon Health PLC, as detailed further below. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary's financial information prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred, over the Group's share of the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Entities other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence, are treated as associates. In the consolidated financial statements, associates are accounted for using the equity method.

Entities in which the Group holds an interest, and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS
continued

1. ACCOUNTING POLICIES continued

1.3 Going concern

The Directors have considered the principal risks and uncertainties facing the business, along with the Group's objectives, policies and processes for managing its exposure to financial risk. In making this assessment the Directors have prepared cash flows until June 2023, being a period of at least 12 months from the expected date of approval of the financial statements (as dated on the Statement of Financial Position) and continue to evaluate financial forecasts.

The Group continues to focus on gaining regulatory approvals and securing sales of existing and new products, but the delay in recovery of monies owed by DHSC, which are described more fully in note 16, means that there may be a need to investigate further funding as well as reduce costs further in the near term to ensure that the Group has adequate financial resources to meet its obligations as they fall due for the next twelve month period with reasonable certainty. Along with the potential timing of achieving regulatory approvals required to develop the level of turnover of the Group, the above factors represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As explained in note 16, the Group is in the process of contractual dispute resolution negotiations with DHSC and through this process expects that the monies owed will be recovered, however the exact timing of this is uncertain as at the date of approval of the financial statements. In the event that this receivable is recovered in full in the near term, then the financial forecasts evidence that the Group remains a going concern without the potential funding requirement noted above.

In case the DHSC receivable remains unpaid for an extended period, the Directors have looked at alternative sources of funding and have received an initial offer of funding support from a number of existing shareholders, although this is non-binding at this stage. The Directors are of the opinion that this indication of support provides further comfort that the Group will have access to the funds that will permit it to remain a going concern, and as such the Directors continue to adopt a going concern basis for the preparation of these financial statements.

1.4 Revenue

The Group applies IFRS 15 'Revenue from contracts with customers'. Under IFRS 15, the Group applies the 5-step method to identify contracts with its customers, determine performance obligations arising under those contracts, set an expected transaction price, allocate that price to the performance obligations, and then recognises revenues as and when those obligations are satisfied.

Product sales and Contract Manufacturing

Goods are supplied under contracts where the key performance criteria for the Group are the manufacturing and delivery of the products. The fair value of the revenue, being the price per unit net of volume discounts and sales taxes, are recognised as revenue at the point of transfer of control to the customer, which is typically on dispatch from the Group's premises. Product sales include a range of rights to return, which are accrued as appropriate where expected to be utilised by the customer.

Contract Development

Contract Development services typically represent a rate for a period of work with demonstrable milestones. Where milestones are met, these will typically trigger an additional stage of work, or alternatively will become a stop point for the contract. This milestone is the risk of the end customer. The Group therefore breaks down these milestone payments and recognises revenue over time based on a proportion of completion basis, using its judgement as to the stage of completion of the contract through to the point of completion of that milestone.

Although Contract Development services typically cover a period of several weeks or months, the pricing of this is typically set on a day rate as opposed to any milestone or percentage of completion approach. As such, the performance obligations are considered to be availability of staff to fulfil each day's work, as opposed to the overall contract qualifying as a long-term contract.

Revenues are therefore recognised at a point in time on the day that each unit of contract development is provided, or the day that a member of staff have been utilised, at the day rate agreed on that particular contract. Where contracts include significant uncertainties as to the technical feasibility of outcome, the revenue recognition is deferred until such time as the Group has reasonable certainty as to the likely success of the development work. As the contracts typically involve the transfer of knowledge, and as any intellectual property created is owned by the customer, the Directors do not consider that there is any deferred element to the provision of staff.

A contract liability does, however, arise where services are invoiced in advance of performance, or where a customer makes payment in advance of an invoice being raised and work being performed. The amount is released to the profit or loss in subsequent periods in reference to utilisation of staff at the prevailing day rate. A contract receivable arises where services are performed, and a sales invoice is not raised before the reporting period end.

1. ACCOUNTING POLICIES continued

1.5 Research and development expenditure credits

Where the Group receives research and development expenditure credits ("RDEC") it accounts for these as government grant income within operating income as it more closely aligns with grant income as opposed to a taxation credit. The income is recognised on the performance model under IAS 20 'Accounting for Government Grants and Disclosures'.

1.6 Inventory

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are recognised in profit or loss.

In addition to the above there is a specific transaction relating to the DHSC contract. Further details are provided in note 16.

1.7 Intangible fixed assets – goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. See note 13 for information on how goodwill is initially determined. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed annually for indications of impairment. See note 13 for a description of impairment testing procedures.

Impairment losses are immediately recognised in profit or loss and are not subsequently reversed. Tests have been undertaken using commercial judgements and a number of assumptions and estimates have been made to support the carrying amount, assessed against discounted cash flows.

1.8 Intangible fixed assets other than goodwill

Intangible assets are initially measured at cost. Where intangible assets are acquired as part of a business combination, cost is determined by reference to a fair value estimation technique as disclosed further in note 2. After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed each financial period-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. Useful lives are typically amortised on the following basis:

Patents and Trademarks	10% straight line
Website Costs	20%-25% straight line
Development Costs	10% straight line / length of associated commercial contract

Amortisation is charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
continued

1. ACCOUNTING POLICIES continued

1.8 Intangible fixed assets other than goodwill continued

Research expenditure is written off against profits in the year in which it is incurred. Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources 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.

Development costs not meeting the criteria for capitalisation detailed above are expensed as incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee (other than Directors') costs incurred on development and directly attributable overheads. The costs of internally generated software developments are recognised as intangible assets.

Capitalised development costs are amortised over a period which is usually no more than five years. Amortisation commences once an asset is available for use, in line with IAS38.

1.9 Property, plant and equipment

Property, plant and equipment are recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Plant and machinery	20%-33% straight line
Office equipment	33% straight line
Leasehold improvements	Life of the lease

Assets under construction are capitalised at cost within the appropriate category as described above, but are not depreciated until completed and brought into use.

The residual value and the useful life of an asset are reviewed at least at each financial period-end and if expectations differ from previous estimates, the changes are accounted for prospectively.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in profit or loss.

1. ACCOUNTING POLICIES continued

1.10 Non-current investments

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the Group has an investment and does not have significant control over are classified as non-current investments and carried at fair value through profit and loss.

1.11 Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset or cash-generating unit is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value. This present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

The impairment loss is allocated to reduce the carrying amount of the asset, first against the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

1.12 Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, short term overdrafts, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets

Financial assets are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets. At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g., trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment if necessary.

NOTES TO THE FINANCIAL STATEMENTS
continued

1. ACCOUNTING POLICIES continued

1.12 Financial instruments continued

This category applies to trade and other receivables due from customers in the normal course of business. Trade and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

(i) the asset is held within a business model with the objective of collecting the contractual cash flows; and

(ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the Company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Impairment of financial assets

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

The Group applies a forward-looking model of IFRS 9 to create an estimation of the expected credit losses arising in the next year on its financial assets, using an expectation derived from historical irrecoverable percentages as adjusted for predicted credit risk adjustments arising through forecast market changes. As at 30 June 2021 there exists a specific high-value financial asset due from DHSC, further information for which is provided in notes 16 and 18.

If an asset is impaired, the impairment loss is the difference between the carrying value 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 when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

1. ACCOUNTING POLICIES continued

1.12 Financial instruments continued

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Share capital represents the nominal value of shares that have been issued.

Share premium represents the excess consideration received over share capital upon the sale of shares, less any incidental costs of issue.

Retained earnings include all current and prior period retained profits.

The non-controlling interest represents the portion of equity ownership in subsidiaries which is not attributable to the owners of the Company.

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. Full disclosure of the calculation models is given in note 26.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax, and excludes amounts recognised in respect of RDEC income as explained in note 1.5.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities, calculated on an undiscounted basis, are offset only when there is a legally enforceable right to set off current tax amounts and when they relate to the same tax authority and the Group intends to settle its current tax amounts on a net basis.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current and deferred tax are recognised in the profit or loss except when they relate to items recognised directly in equity, when they are similarly taken to equity.

NOTES TO THE FINANCIAL STATEMENTS
continued

1. ACCOUNTING POLICIES continued

1.15 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.16 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 non-current 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.

1.17 Retirement benefits

The Group operates a defined contribution pension scheme. The assets of these schemes are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the scheme for the year.

1.18 Share-based payment

The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. Full disclosure of the calculation models is given in note 26.

All equity-settled share-based payments are ultimately recognised as an expense in the profit or loss with a corresponding credit to "Share based payment reserve". If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

1. ACCOUNTING POLICIES continued

1.19 Leases

Under IFRS 16 Leases are accounted for on the right of use model. At inception, the Company assesses whether a contract contains a lease. This assessment involved the exercise of judgement about whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Group identifies a lease as follows:

- At inception of a contact the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Group assesses whether:

  i) the contract involves the sole use of a specific identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

  ii) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

  iii) the Group has the right to direct the use of the asset.

- As a lessee the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate relevant to the asset.

The lessee uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise fixed payments. The Group does not make other types of payment referred to in IFRS 16 for its leases.

Generally, the lease liability represents the present value of contractual future lease payments including optional renewal periods where the Group is reasonably certain to exercise the extension option. The Group does not typically enter into purchase options or variable lease payments.

The lease liability is measured at amortised cost using the effective interest method. The Group presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and discloses the corresponding "Lease liability" in the statement of financial position. Short-term leases and leases of low-value assets The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets which it defines as having a purchase cost of £5,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.20 Government grants and other government assistance

Government grants shall be recognised when there is reasonable assurance that:

(a) the entity will comply with the conditions attaching to them; and

(b) the grants will be received.

Grants related to income are presented as part of profit or loss and are deducted in reporting the related expense. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as an expense the related costs for which the grants are intended to compensate.

The Group has received access to the UK Government's Coronavirus Job Retention Scheme during the year, with amounts equal to 80% of employee salaries being claimed under the scheme.

NOTES TO THE FINANCIAL STATEMENTS
continued

1. ACCOUNTING POLICIES continued

1.21 Non-recurring income and costs

The Group seeks to highlight certain items as exceptional operating income or costs. These are considered to be exceptional in size, frequency and/or nature rather than indicative of the underlying day to day trading of the Group. These may include items such as acquisition costs, restructuring costs, obsolescence costs, employee exit and transition costs, legal costs, profits or losses on the disposal of subsidiaries, and loan impairments. All of these items are charged or credited before calculating operating profit or loss.

The Directors apply judgement in assessing the particular items, which by virtue of their size and nature are disclosed separately in the Statement of Comprehensive Income and the notes to the financial statements as non-recurring income and costs. The Directors believe that the separate disclosure of these items is relevant to understanding the Group's financial performance.

1.22 Standards, amendments & interpretations in issue and adopted for the first time

The current standards, amendments and interpretations have been adopted in the year and have not had a material impact on the reported results in the Group's financial statements:

- Amendments to the Conceptual Framework for Financial Reporting
- Amendments to IFRS 3 Definition of a Business
- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark reform

1.23 Standards, amendments and interpretations in issue but not yet effective

At the authorisation of these financial statements, the Group has not applied the following new and revised standards that have been issued but are not effective yet:

	Effective date – period beginning on or after
IAS 1 'Presentation of Financial Statements': Classification of liabilities as current or non-current	1 January 2022
Property, Plant and Equipment: Proceeds before intended use: amendments to IAS 16	1 January 2022
Onerous Contracts- Cost of Fulfilling a Contract- amendments to IAS 37	1 January 2022
IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts'	1 January 2023*
Amendments to IFRS 10 and IAS 28 Sale of contribution of asses between an investor and its Associate or Joint Venture	1 January 2023*
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023*
Definition of an Accounting Estimate (Amendments to IAS 8)	1 January 2023*
Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)	1 January 2023*

* These standards, amendments and interpretations have not yet been endorsed by the UK standards board and the dates shown are the expected dates. The adoption of all above standards is not expected to have any impact on the Group's financial statements.

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Trade receivable recoverability

The Group is subject to a contract with the Department of Health and Social Care ("DHSC"), to which it has significant exposure at the year end. The Directors expect full recovery of this receivable based on evidence available to them. Further details are given in note 16.

Right of use asset recognition

Management have assessed each lease liability for recognition under IFRS 16 and recognised a right of use asset where appropriate. Further explanation of this judgement is provided in note 1.19.

One lease includes a material component of service charge by comparison to the headline rental payments, where this service charge partially covers shared areas and facilities which would normally form part of a rental price. The Directors have applied judgement in splitting this service charge into rent-like components of £24,000 per annum (which qualify for capitalisation as a right of use asset), utility fees of £104,000 per annum, and ongoing shared costs of £72,000 per annum (which the latter two do not qualify for capitalisation as a right of use asset, nor recognition as a lease liability). The lease runs for a 7-year term and the total value of rent-like components capitalised is £161,000.

Revenue recognition

In line with IFRS 15 management are required to determine appropriate revenue recognition points for all revenue streams. Where multiple contracts are entered into with a single counterparty any instalment payments are not considered to be a key indicator of the satisfaction of a performance obligation, although linked contracts with a counterparty are considered in conjunction when identifying the appropriate point for revenue recognition.

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:

Valuation of intangible assets (Group 2021: £465,000; 2020: £16,000)
Management judgements are required to estimate the useful lives of intangible assets, having reference to future economic benefits expected to be derived from use of the asset. Economic benefits are based on the fair values of estimated future cash flows.

In the current year management have reviewed the useful life of the capitalised development assets to be the same period as the commercialisation agreement is for. As such, the capitalised development costs are amortised over the period from which sales began until the agreement ends in August 2025.

Valuation and impairment of goodwill (Group carrying values - 2021: £763,000; 2020: £763,000)
Goodwill is tested annually for impairment. The test considers future cash flow projections of cash-generating units that give rise to the goodwill. Where the discounted cash flows are less than the carrying value of goodwill, an impairment charge is recognised for the difference, which for the current year is shown in note 5. Further analysis of the estimates, judgements and sensitivities in the estimates are disclosed in Note 13.

Share based payments

The determination of the fair values of EMI and SAYE options has been made by reference to the Black-Scholes model with the inputs set out in note 26. The key inputs to this model include the estimated value of the group as at July 2020 and October 2020 when two significant schemes were incepted, prior to the Group having an observable market price.

NOTES TO THE FINANCIAL STATEMENTS
continued

3. REVENUE

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker of the Group is considered to be the Board of Directors.

The Group has operating segments:

- Contract Development: this comprises milestone-based development work for third parties and is recognised over time based on a proportion of completion.
- Contract Manufacturing: this comprises contract development and manufacturing activities. Revenues from this typically arise based on a daily consultancy as opposed to a long-term contract and as such revenue is typically recognised on the day of completion of each element of contract work. This is recognised over time, although based on defined and short periods of services being provided.
- Product Sales: this comprises the sale of ABC-19™, Pocket Diagnostic products, PCRD tests and antibodies for research use, and associated carriage income. This is recognised at a point in time.

Due to the specific nature of the Group's market, each component of revenue naturally falls within one of these segments. The operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results. All assets, liabilities and revenues are located in, or derived in, the United Kingdom.

Margins, overheads and balance sheet items are not broken down into the operating segments but are reviewed on a consolidated basis as presented in the Consolidated Income Statement. Accordingly, no analysis of costs by division is presented on the grounds that the Group does not collate or record information on a segmental basis and as such any split would be based on arbitrary allocations.

In 2021 there were two major clients that individually accounted for at least 10% of total revenues (2020: one client). The revenues relating to these clients in 2021 was £7.97m (2020: £2.50m). The clients include £nil (2020 - £2.50m) in the Contract Development segment and £7.97m (2020 - £nil) in the product sales segment.

Segmental analysis of revenue *(and goodwill CGU if applicable, see note 13)*

	2021 £'000	2020 £'000
Product sales	8,360	605
Contract Manufacturing	1,690	923
Contract Development	1,568	3,707
Total revenue from contracts with customers	11,618	5,235

Revenue analysed by geographical market

	2021 £'000	2020 £'000
United Kingdom	6,596	4,103
Europe	1,560	806
USA & Canada	3,405	258
Rest of World	57	68
	11,618	5,235

All revenue received in the current and comparative years has been recognised at a point in time in accordance with the Group's revenue recognition policy as detailed in note 1.4 and above.

3. REVENUE continued

Assets and liabilities related to contracts with customers:

The Group has recognised the following assets and liabilities related to contracts with customers:

Contract assets	2021 £'000	2020 £'000
At 1 July	19	42
Transfers in the year from contract assets to trade receivables	(19)	(42)
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	26	19
At 30 June	26	19

Contract liabilities	2021 £'000	2020 £'000
At 1 July	940	75
Amounts included in contract liabilities that was recognised as revenue during the year	(940)	(75)
Cash received in advance of performance and not recognised as revenue during the year	5,364	940
Movements on loss-making contracts		
At 30 June	5,364	940

Contract assets and contract liabilities are included within "trade and other receivables" and "trade and other payables" respectively on the face of the statement of financial position. They arise from the Group's contracts because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

4. OTHER INCOME

Other income	2021 £'000	2020 £'000
Research and development expenditure credit	100	125
Grant income	48	–
	148	125

Grant income represents £48,000 in relation to Innovate UK and £422 in relation to the Coronavirus Job Retention Scheme.

5. OPERATING COSTS

	2021 £'000	2020 £'000
Operating loss for the year is stated after charging/(crediting):		
Depreciation of owned property, plant and equipment	428	58
Depreciation of property, plant and equipment held under leases	279	164
Cost of inventories recognised as an expense	2,963	1,149
Impairment of inventories	1,602	–
Short term lease rentals	1	–
Research costs expensed	503	420
Non-recurring legal fees	257	–
Listing costs	903	–
Non-recurring redundancy costs	188	–
Amortisation of intangible assets	42	369
Impairment of intangible assets	–	3,529

Research costs expensed excludes normal remuneration paid to employees.

NOTES TO THE FINANCIAL STATEMENTS
continued

5. OPERATING COSTS continued

Included within administrative expenses are impairment charges as follows:

	2021 £'000	2020 £'000
Impairment of Serascience Limited (note 13)	–	2,979
Impairment of Doncaster (note 13)	–	145
Impairment of R&D intangible assets (note 13)	–	404
	–	3,529

The impairment of intangible assets charge is explained further in note 13. The impairment of inventories represents a provision for irrecoverability where inventories are approaching expiry date, and there is a limited expected market for sale.

Included before operating profit are non-recurring expenses as follows:

- Listing costs – these are one-off expenses incurred in relation to the admission of the Group to the Alternative Investment Market, where such costs do not relate to the raising of new equity funds.
- Non-recurring legal fees – these are costs relating to the Group's legal action with various third parties as a result of circumstances outside of the Group's control. Although expected to be non-recurring by nature, additional legal fees are expected to be incurred in the year to 30 June 2022.
- Non-recurring employee redundancy costs, where these relate to redundancies linked to the non-renewal and non-payment of the DHSC contract.

The Directors have adjusted these items, and others, as part of the use of an Alternative Performance Measure. Further details are provided in note 12.

6. AUDITOR'S REMUNERATION

	2021 £'000	2020 £'000
Fees payable to the Company's auditor and its associates:		
For audit services		
Companies Act section 92 audit (of the Company)	17	–
Audit of the financial statements of the Group and Company	63	25
For non-audit services		
IPO reporting services	146	–
Tax advice for the Group	10	6

7. EMPLOYEES

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

	2021 Number	2020 Number
Production	101	21
Research	24	16
Management and administration	26	14
	151	51

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	6,781	2,409
Social security costs	653	240
Pension costs	191	103
Share based payment expense	1,367	36
	8,992	2,788

Details of Directors' remuneration are provided in note 28.

The total cost of employee remuneration includes £200,000 (2020 - £nil) of costs which have been on development projects, and which have accordingly been capitalised as an intangible asset, shown further in note 13.

Of the above remuneration totals, £188,000 of costs have been recognised within non-recurring redundancy costs as opposed to within cost of sales or administrative expenses. This represents £184,000 of wages and salaries, and £4,000 of social security costs.

8. FINANCE INCOME

	2021 £'000	2020 £'000
Interest income		
Bank interest receivable	–	2
	–	2

9. FINANCE COSTS

	2021 £'000	2020 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on loans	5	–
Interest on convertible loan note	178	32
Interest on leases	51	33
Total finance costs	234	65

Interest was charged on the convertible loan note until the convertible option was exercised as part of the Group's admission to AIM.

NOTES TO THE FINANCIAL STATEMENTS
continued

10. TAXATION

	2021 £'000	2020 £'000
Current tax		
UK Corporation tax on profits for the current year	19	(16)
Adjustments in respect of prior years	–	–
Total current tax	19	(16)
Deferred tax		
Origination and reversal of temporary differences	–	16
Impact of change in tax rates	–	(1)
Total deferred tax	–	15
Total tax charge/(credit)	19	(1)

The charge for the year can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

	2021 £'000	2020 £'000
(Loss) before taxation	(6,954)	(3,375)
Expected tax (credit)/charge based on a corporation tax rate of 19% (2020 – 19%)	(1,321)	(641)
Tax effect of expenses that are not deductible in determining taxable profit	228	4
Depreciation on assets not qualifying for tax allowances	94	105
Impairment of goodwill	–	566
Change in unrecognised deferred tax asset	1,629	(238)
Unrecognised tax losses	–	204
Share based payments	(705)	7
Research and development tax credits	–	(7)
Effect of change in local corporation tax rate	–	(1)
Other differences	94	–
Total tax charge/(credit)	19	(1)

The UK corporation tax rate was 19% throughout the year.

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was enacted in March 2017. A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantially enacted on 17 March 2020. The rate applicable from 1 April 2020 remains at 19%, rather than the previously enacted reduction to 17%.

The UK budget on 3 March 2021 announced the intention to increase the tax rate from the current rate of 19% to 25%, with effect from April 2023. Therefore, deferred tax balances at the reporting date are measured at 25% (2020: 19%, 2019: 17%).

11. DIVIDENDS

No dividends were paid in the current or prior year.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2021	2020
Earnings used in calculation (£'000)	(6,973)	(3,374)
Weighted average number of ordinary shares	262,926,110	245,172,416
Basic EPS (pence/share)	(2.65)	(1.38)
Weighted average number of dilutable shares	262,926,110	250,346,736
Diluted EPS (pence/share)	(2.65)	(1.38)

The diluted EPS is the same as the Basic EPS as there is a loss for each of the periods concerned.

In each period there were share options outstanding. As at 30 June 2021, all of these options are out of the money and as such the calculation of the weighted average number of dilutable shares is equal to the non-diluted shares.

The Directors use adjusted earnings before certain non-recurring costs ("Adjusted Earnings") as a measure of ongoing performance and profitability. These non-recurring costs are presented as separate items on the face of the Consolidated Income Statement.

The calculated Adjusted Earnings for the current and comparative periods are as follows:

	2021 £'000	2020 £'000
Loss before taxation attributable to equity owners of the Parent	(6,954)	(3,375)
Share-based payment costs	1,367	36
Impairment charges	–	3,528
Non-recurring legal fees	257	–
Listing costs	903	–
Non-recurring employee redundancy costs	188	–
Depreciation and amortisation	749	591
Finance costs	234	64
Adjusted Earnings	(3,256)	844
Basic and diluted Adjusted Earnings per share (pence/share)	(1.25)	0.34

The calculation of Adjusted Earnings is consistent with the presentation of Adjusted Earnings before Interest, Tax, Depreciation, and Amortisation, as presented on the face of the Statement of Comprehensive Income. This adjusted element also removes non-recurring items, as explained further in note 5. The Directors have presented this Alternative Performance Measure ("APM") because they feel it most suitably represents the underlying performance and cash generation of the business, and allows comparability between the current and comparative period in light of the rapid changes in the business (most notably its admission to AIM and associated costs), and will allow an ongoing trend analysis of this performance based on current plans for the business.

NOTES TO THE FINANCIAL STATEMENTS
continued

13. GOODWILL AND OTHER INTANGIBLE ASSETS

Group	Goodwill £'000	Patents and trademarks £'000	Website £'000	Development costs £'000	Total £'000
Cost					
At 1 July 2019	3,742	32	83	1,417	5,275
Additions – separately acquired	146	4	7	–	156
Disposals	–	–	–	–	–
At 30 June 2020	3,888	36	90	1,417	5,431
Additions – separately acquired	–	–	71	–	71
Additions – internally generated	–	–	–	419	419
Disposals	–	–	–	–	–
As 30 June 2021	3,888	36	161	1,836	5,921
Amortisation and impairment					
At 1 July 2019	–	22	83	648	753
Amortisation charged for the year	–	3	1	365	369
Impairment	3,125	–	–	404	3,529
Disposals	–	–	–	–	–
At 30 June 2020	3,125	25	84	1,417	4,651
Amortisation charged for the year	–	2	10	30	42
Impairment	–	–	–	–	–
Disposals	–	–	–	–	–
At 30 June 2021	3,125	27	94	1,447	4,693
Carrying amount					
At 30 June 2021	763	9	67	389	1,228
At 30 June 2020	763	11	5	–	779
At 1 July 2019	3,742	10	–	769	4,521

Internally generated development costs represents the Group's cost of staff, materials and certain overhead costs incurred in developing proprietary technology for use in delivering a commercial contract in place until 2025.

The Group tests goodwill annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill is assessed for impairment by comparing the carrying values with the value-in-use calculation, which is determined by calculating the net present value (NPV) of future cash flows arising from the original acquired business.

The carrying amount of goodwill is indicated in the table above. The net book value of goodwill above for Forsite Diagnostics Limited amounts to £763,143 (2020 - £763,143), for Serascience Limited amounts to £nil (2020 - £nil), Molecular Vision Limited £nil (2020 - £nil), and the Doncaster acquisition £nil (2020 - £nil).

The recoverable amount for Forsite Diagnostics Limited has been determined based on a value in use calculation using cash flow projections based on the actual results for the year ended 30 June 2021 and the detailed financial forecasts prepared by the Board covering the period to 30 June 2024, based on the expectations of management for key elements of the Group's revenue streams.

Thereafter, a growth rate to terminal value of 2% (2020 – 2%) has been used along with a pre-tax discount rate of a range between 11% and 13% (2020 – 11%). The headroom in the impairment review is such that no reasonable sensitivities in relation to the discount rate or growth rate would result in an impairment.

13. GOODWILL AND OTHER INTANGIBLE ASSETS continued

The entire carrying value of Serascience Limited was impaired in the year ended 30 June 2020, as a result of the Company's ongoing performance which is driven by its products. Further, the acquired goodwill for Doncaster, acquired in April 2020, was impaired in full as this site's use had altered by the year end and its assets and processes modified such that the goodwill was not representative of the future cashflows generated from the unit.

The carrying amounts of goodwill have been assigned to the following cash-generating units:

	Group	
	30 June 2021 £'000	30 June 2020 £'000
Forsite Diagnostics	763	763
Serascience	–	–
Doncaster	–	–
	763	763

Company	Goodwill £'000	Patents and trademarks £'000	Website £'000	Development costs £'000	Total £'000
Cost					
At 1 July 2019	–	9	79	–	88
Additions - separately acquired	145	3	7	–	155
At 30 June 2020	145	12	86	–	243
Additions – separately acquired	–	–	71	–	71
Additions – internally generated	–	–	–	419	419
Disposals	–	–	–	–	–
As 30 June 2021	145	12	157	419	733
Amortisation and impairment					
At 1 July 2019	–	3	78	–	81
Amortisation charged for the year	–	2	2	–	4
Impairments	145	–	–	–	145
At 30 June 2020	145	5	80	–	230
Amortisation charged for the year	–	2	10	30	41
Impairments	–	–	–	–	–
At 30 June 2021	145	7	90	30	271
Carrying amount					
At 30 June 2021	–	5	67	389	462
At 30 June 2020	–	7	6	–	13
At 1 July 2019	–	6	1	–	7

NOTES TO THE FINANCIAL STATEMENTS
continued

14. PROPERTY, PLANT AND EQUIPMENT

Group	Improvements to leasehold property £'000	Plant and machinery £'000	Office equipment £'000	Right of use asset £'000	Total £'000
Cost					
At 1 July 2019	30	1,092	125	671	1,918
Additions - acquired	507	1,108	34	436	2,085
Additions – on business combination	68	99	–	423	590
Disposals	–	(19)	–	–	(19)
At 30 June 2020	605	2,280	159	1,530	4,574
Additions – acquired	2,863	3,801	97	–	6,761
Disposals	(14)	(37)	(18)	–	(69)
At 30 June 2021	3,454	6,044	238	1,530	11,266
Depreciation and impairment					
At 1 July 2019	25	1,008	107	225	1,365
Depreciation charged	3	42	13	164	222
Eliminated in respect of disposals	–	(19)	–	–	(19)
At 30 June 2020	28	1,031	120	389	1,568
Depreciation charged	132	262	34	279	707
Eliminated in respect of disposals	(9)	(23)	(18)	–	(50)
At 30 June 2021	151	1,270	136	668	2,225
Carrying amount					
At 30 June 2021	3,303	4,774	102	862	9,041
At 30 June 2020	577	1,249	39	1,141	3,006
At 1 July 2019	5	84	18	446	553

Included within improvements to leasehold properties are assets under construction with value £2,375,519 (2020 - £507,326), and within plant & machinery are assets under construction with value £2,577,646 (2020 - £911,801). These assets are connected with capital commitments as disclosed in note 27. The assets are not depreciated until brought into use, which was primarily in July 2021.

14. PROPERTY, PLANT AND EQUIPMENT continued

Company	Improvements to leasehold property £'000	Plant and machinery £'000	Office equipment £'000	Right of use asset £'000	Total £'000
Cost					
At 1 July 2019	14	–	77	671	762
Additions – acquired	507	–	–	436	943
Additions – business combinations	68	99	35	423	625
Disposals	–	–	–	–	–
At 30 June 2020	589	99	112	1,530	2,330
Additions – acquired	2,863	120	97	–	3,080
Disposals	–	–	(17)	–	(17)
At 30 June 2021	3,452	219	192	1,530	5,393
Depreciation and impairment					
At 1 July 2019	9	–	59	225	293
Depreciation charged	3	11	14	164	192
Eliminated in respect of disposals	–	–	–	–	–
At 30 June 2020	12	11	73	389	485
Depreciation charged in the year	132	44	34	279	489
Disposals	–	–	(17)	–	(17)
At 30 June 2021	144	55	90	668	957
Carrying amount					
At 30 June 2021	3,308	164	102	862	4,436
At 30 June 2020	577	88	39	1,141	1,845
At 1 July 2019	5	–	18	446	469

15. INVESTMENTS

Group	Notes	**2021 £'000**	2020 £'000
Other investments		–	–
		–	–

Company	Notes	**2021 £'000**	2020 £'000
Investments in subsidiaries		542	419
Other investments		–	–
		542	419

NOTES TO THE FINANCIAL STATEMENTS
continued

15. INVESTMENTS continued

Movements in investment - Group	Associates £'000	Other investments £'000	Total £'000
Share of net assets			
At 1 July 2019	167	–	167
Transfers	(167)	167	–
At 30 June 2020 & at 30 June 2021	–	167	167
Impairment			
At 1 July 2019	167	–	167
Transferred during the year	(167)	167	–
At 30 June 2020 & 30 June 2021	–	167	167
Carrying amount			
At 30 June 2021	–	–	–
At 30 June 2020	–	–	–

Other investments represents a minority interest holding in Linear Diagnostics Limited. In accordance with IFRS 9 'Financial Instruments', the Group has designated this investment at fair value through profit and loss. There is no readily available observable market value in accordance with IFRS 13 'Fair Value Measurement'. As the company incurs losses and has significant net liabilities, the Directors consider that its fair value is £nil.

Details of subsidiaries are included in Note 30.

Movements in investments Company	Equity investments in subsidiaries £'000	Investments in associates £'000	Other investments £'000	Total £'000
Cost or valuation				
At 1 July 2019	6,239	167	–	6,406
Additions	–	–	–	–
Transfers	–	(167)	167	–
At 30 June 2020	6,239	–	167	6,406
Additions (in respect of share-based payments)	123	–	–	123
Transfers	–	–	–	–
At 30 June 2021	6,362	–	167	6,529
Impairment				
At 1 July 2019	5,820	167	–	5,987
Provision for impairment	–	–	–	–
Transfers	–	(167)	167	–
At 30 June 2020	5,820	–	167	5,987
Provision for impairment	–	–	–	–
Transfers	–	–	–	–
At 30 June 2020	5,820	–	167	167
Carrying amount				
At 30 June 2021	542	–	–	542
At 30 June 2020	419	–	–	419
At 1 July 2019	419	–	–	419

16. IMPACT OF DEPARTMENT OF HEALTH AND SOCIAL CARE ("DHSC") CONTRACT ON THE STATEMENT OF FINANCIAL POSITION ("SFP")

As at 30 June 2021 the Group retained a significant exposure to a number of transactions and balances under contracts with DHSC. These contracts ultimately related to two elements:

1. Component procurement, where the Group procures raw materials; DHSC retain legal title for the raw materials but where those materials are under the control of the Group; and

2. The manufacturing of tests which is enacted through the deemed purchase of those raw materials from DHSC, which are then sold to DHSC in final format and the sale price to the DHSC is discounted to represent the contractual value of those free issued materials.

Under the first element, the raw materials are purchased in the name of the Group, which incurs a contractual liability in its own name with third parties. The inventories acquired are recognised as assets of the Group on the Statement of Financial Position ("SFP") because management has assessed that the Group controls the inventories at this point. In forming this judgement, management have considered that although the DHSC hold legal title to the raw materials, the Group retains physical possession of the goods and may have further obligations under element two of the contract to transform the raw materials into finished tests meaning the Group continues to direct the use of the raw materials as it determines the manufacturing process. At this point the Group controls inventories which it does not have legal title to under the DHSC contract, and as such it recognises a liability to DHSC in respect of those inventories (equivalent to a contract liability), and a receivable for amounts due. No revenue is recognised at this stage due to control of the goods having not deemed to have passed to DHSC.

When the Group manufactures tests, raw material plus manufacturing costs are recognised within work-in-progress or finished goods balances as appropriate. When the final tests are dispatched to DHSC and all contractual revenue recognition criteria have been fulfilled, the Group recognises revenue at contractually agreed rates, and a cost of sale equal to the cost of inventories used in delivering those tests. It also recognises a trade receivable from DHSC which reflects the normal commercial sale of those tests.

The Group delivered one million AbC-19™ tests to DHSC during the financial year, a receivable for which remains outstanding as at the year end and as at the date of approval of the financial statements, contrary to the contractual provisions of the DHSC contracts. As at 30 June 2021 Abingdon was owed a total of £6.4m (excluding VAT) and £7.7m (including VAT), plus interest from the DHSC for:

1. Components that Abingdon procured on the DHSC's behalf of £2.1m (excluding VAT).

2. AbC-19™ kits totalling £4.3m (excluding VAT); net of the DHSC material discount noted in point 2 above, which the Group has delivered to the DHSC in the period November 2020 through to January 2021.

The Component Contract was signed on 2 June 2020, and this allowed the Group to procure, on behalf of DHSC, the components needed to produce AbC-19™ Tests. The total value of the components expected to be purchased under the Component Contract was £8.6m (excluding VAT). In the event, fewer components were procured such that total expenditure is expected to be circa £7.2m (excluding VAT). The Group managed the procurement of these components and approximately £0.4m (excluding VAT) of component orders have yet to be received by the Group or billed on to DHSC, but are included in the £7.2m (excluding VAT).

As at 30 June 2021 the Group had paid suppliers £4.0m (net of VAT) for components, which it has invoiced to DHSC and for which it has received payment from DHSC. It had paid suppliers for £2.1m (excluding VAT) of components, which had been invoiced to DHSC, but in respect of which it has not received payment from DHSC. The component procurement receivable has subsequently increased to £2.7m (excluding VAT) as at the date of approval of the financial statements, as a result of additionally invoiced inventories where non-cancellable orders were placed by the Group prior to the conclusion of the contract with DHSC. As at November 2021, the Group has incurred commitments to pay, or paid, a further £0.4m (excluding VAT) to companies from which it procured components on behalf of the DHSC and for which it would expect reimbursement under the terms of the contract.

NOTES TO THE FINANCIAL STATEMENTS
continued

16. IMPACT OF DEPARTMENT OF HEALTH AND SOCIAL CARE ("DHSC") CONTRACT ON THE STATEMENT OF FINANCIAL POSITION ("SFP") continued

The Group therefore has the following overall carrying amounts on the SFP as at 30 June 2021 and as at the date of approval of the financial statements:

SFP Heading

	At 30 June 2021 (Excluding VAT) £'000	At approval of financial statements (3) (Excluding VAT) £'000
Inventories – title with DHSC	3,987	4,514
Trade receivables – recharge of inventories(1)	*2,116	*2,745
Trade receivables – sale of tests (including profit margin)	*4,294	*4,294
Contract liability(2)	(5,308)	(5,936)
Net impact on SFP	5,089	5,617

(1) After deduction of £4.0m (excluding VAT) of cash received from DHSC for purchase of inventories.

(2) This is net of £0.9m (excluding VAT) of inventories which have been utilised in delivering 1 million tests now recognised within Revenue and Trade Receivables.

(3) Subsequent to the year end the Group has raised a number of inventory recharge invoices to DHSC, which have not been settled.

* These balances are held in Trade receivables including VAT which total £7.7m as at 30 June 2021 and £8.4m at the date of approval of these financial statements.

The Group is contractually entitled to late payment interest on the overdue trade receivables, which is to be calculated at 8% above base rate. This has not been recognised in the current year's Group Income Statement, or on the SFP, as it remains uncertain as to the settlement of this or certainty of ultimate cash inflows. Any such element will be recognised in full once the Group's entitlement to receipt is confirmed.

The Directors of the Group are of the opinion that all balances are recoverable in full and have placed into the public domain a number of documents and statements which justify and support this position. These financial statements have been prepared on the explicit assumption that all contractual provisions of the DHSC contract have been met, and that DHSC will uphold their legal responsibilities under this contract in respect of full cash settlement of the contractually due balances. In this outcome, the Group would receive full settlement of its receivables in cash, plus late payment interest. The Directors, as at 30 June 2021, consider that this balance is recoverable within one year and have therefore presented it as a Debtor due in <1 year. No expected credit loss provision is held against this balance for the reasons set out above. Consideration was given as to whether any discounting of the trade receivable should take place, but, based on the Effective Interest Rate for the Trade Receivable being zero, when billed, no discounting has been performed.

However, should any element of the trade receivable become irrecoverable the Group would be entitled to recover the VAT paid on that balance, equal to 20% of the net amount not recovered. Any remaining balance would be recognised as an impairment to the Group Income Statement, which would be entirely recognised within future reported profits and losses. Any adjustments to inventories would likely not impact the Group Income Statement as a result of the Contract liability shown above, however this may bring certain elements of those inventories into the Group's ownership. Such inventories are expected to be utilisable in other product production by the Group, but in the event that no such utilisation can occur this may result in an inventory impairment for those materials. The Directors have not attempted to quantify the financial impact of such a scenario as they consider these events to be unlikely to materialise.

The Group is at present following the Dispute Resolution Process ("DRP") set out in the DHSC contract, which as at the date of approval of the financial statements is taking the form of a mediation process. This mediation does not change the Directors' opinion of the balances recognised on the SFP as at the year end. As noted earlier in the Strategic Report and Directors Report, mediation has currently resulted in both parties signing a non-binding heads of agreement which would, if concluded, lead to the outstanding monies being substantially collected and resolve all outstanding disputes with DHSC.

We note the impact the non-collection of this Trade Receivable, to date, has had on the Group, in our Strategic Review on page 7 and also the impact of the timing of collection of this Trade Receivable has had for our assessment of Going Concern, which is explained in the Strategic Review on page 7 and in Note 1.3 above.

17. INVENTORIES

Group	2021 £'000	2020 £'000
Raw materials	4,162	741
Works in progress	3,147	16
Finished goods	579	22
	7,888	779

Company	2021 £'000	2020 £'000
Finished goods	419	–

Included within inventories are stocks held on behalf of DHSC but where the Group has substantial control over these stocks, which is explained further in note 16. A corresponding liability is recognised for this amount, although these inventories are not explicitly pledged as security against that liability. There are restrictions on the use of these inventories.

The Group's own inventories comprise of products, which are not generally subject to rapid obsolescence on account of technological, deterioration in condition or market trends. Consequently, management considers that there is little risk of significant adjustments to the Group's inventory assets within the next financial year except for on AbC-19™ Tests and associated components. The Group has recognised a total provision of £952,504 (2020 - £nil) against its inventories.

18. TRADE AND OTHER RECEIVABLES

Group	2021 £'000	2020 £'000
Current:		
Trade receivables	8,477	227
Payments on account	622	1,279
VAT receivable	399	199
Other receivables and prepayments	454	151
Contract receivable	26	19
	9,978	1,875

Trade receivables are stated net of impairment for estimated irrecoverable amounts of £8,400 (2020 - £26,238). This impairment has been determined by reference to past default experience and known issues. Write offs are made when the irrecoverable amount becomes certain. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Contract receivables of £26,192 (2020 - £18,654) has been calculated in accordance with IFRS 15.

Movement on the allowance for irrecoverable amounts on trade receivables are as follows:

	2021 £'000	2020 £'000
Beginning of the year	26	26
Provision for bad receivables	8	–
Released during the year	(26)	–
End of the year	8	26

NOTES TO THE FINANCIAL STATEMENTS
continued

18. TRADE AND OTHER RECEIVABLES continued

An analysis of the trade receivables past due but not impaired is:

	2021 £'000	2020 £'000
60 to 120 days	6,881	1
More than 120 days	–	71
Less provision	(8)	(26)
Total trade debtors past due but not impaired	6,873	46
Add:		
Less than 60 days	1,604	180
Net trade receivables	8,477	226

The ageing analysis of the trade receivables and expected credit loss provision rates as at 30 June 2021 are as follows:

	Age of receivables – days overdue			
	Less than 60 days £'000	**60 – 120 days £'000**	**Over 120 days £'000**	**Total £'000**
Expected credit loss percentage	1%	2%	5%	
Gross receivable	1,604	6,881	–	8,485
Less specific receivables*	(1,020)	(6,672)	–	(7,692)
Net receivable subject to ECL	584	209	–	792
Expected credit loss	6	4	–	10

* The specific receivables relate to amounts outstanding on the DHSC contract and have been treated as individually significant for the purpose of a review for expected credit losses. Further details of this contract and the Directors' opinion on its recoverability are provided in note 16. Based on the above, the Directors have not recognised the expected credit loss on grounds of triviality to the Group. The Directors consider the credit quality of trade and other receivables that are neither past due nor impaired to be good.

Company	**2021 £'000**	2020 £'000
Amounts falling due within one year*:		
Trade receivables	7,694	173
Other receivables and prepayments	327	130
Amounts due from subsidiaries	13,453	3,699
Accrued income	1	–
VAT receivable	395	–
Intercompany accrued income	395	–
	22,265	4,002

* The Company accounts are prepared under FRS 101 using the balance sheet formats specified in Schedule 1 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008. Amounts are presented based on their due date rather than when the asset is expected to be realised as is the case for the Group which reports under IFRS.

Amounts due from subsidiaries of £13,453,000 (2020 - £3,699,000) is due on demand although the Directors do not expect to call the amount for payment within the next 12 months. This amount is stated net of provision for irrecoverability of £6,967,000 (2020 - £6,770,000).

19. CURRENT TRADE AND OTHER PAYABLES

Group	2021 £'000	2020 £'000
Trade payables	4,196	1,125
Customer payments on account	39	328
Taxation and social security	199	681
Deferred consideration on business combinations	–	32
Accruals	607	341
Contract liability	5,364	940
	10,405	3,447

Contract liability is an amount of £5,364,000 (2020 - £940,000), of which £5,308,000 (2020 - £nil) relates to the DHSC contract inventory contra explained further in note 16, with the balance relating to deferred revenue calculated in accordance with IFRS 15. The amount of deferred income relating to the prior year has been fully released in the current financial year.

Company	2021 £'000	2020 £'000
Trade payables	940	512
Taxation and social security	106	641
Accruals	720	341
Contract liability	5,308	940
	7,074	2,291

20. BORROWINGS

Group	2021 £'000	2020 £'000
Convertible loan notes	–	3,284
Bank loans	492	250
Other payables	–	13
	492	3,547
Payable within one year	125	3,318
Payable between one and two years	115	125
Payable between two and five years	252	104
	492	3,547

Company	2021 £'000	2020 £'000
Convertible loan notes	–	3,284
Bank loans	492	250
	492	3,534
Payable within one year	125	3,305
Payable between one and two years	115	125
Payable between two and five years	252	104
	492	3,534

NOTES TO THE FINANCIAL STATEMENTS
continued

20. BORROWINGS continued

During the year the loan notes and accrued interest were converted into 1,159,271 ordinary shares of £0.001 each as part of the reorganisation in advance of the IPO. These ordinary shares were then subject to the 4:1 share split, explained further in note 25.

The Group has pledged as security a fixed and floating charge over all properties and undertakings of the parent Company against bank loans of £492,000 (2020 - £250,000). The bank loan is denominated in £ sterling and bears interest at a rate of 2.19%.

Other payables are an amount repayable to a former shareholder in instalments. No interest is charged on this balance. The balance of £13,000 has been cleared during the current year.

21. OBLIGATIONS UNDER LEASES

Future gross minimum lease payments are due under leases as follows:

Group	2021 £'000	2020 £'000
Within one year	268	272
In two to five years	228	870
Over five years	628	255
	1,124	1,397
Less: future finance charges	(121)	(172)
	1,003	1,225

Company	2021 £'000	2020 £'000
Within one year	268	272
In two to five years	228	870
Over five years	628	255
	1,124	1,397
Less: future finance charges	(121)	(172)
	1,003	1,225

These are disclosed in the financial statements on a net basis (excluding future finance charges) as follows:

Group	2021 £'000	2020 £'000
Current lease payable	227	221
Non-current lease payable	776	1,004
	1,003	1,225

Company	2021 £'000	2020 £'000
Current lease payable	227	221
Non-current lease payable	776	1,004
	1,003	1,225

Finance lease and hire purchase borrowings are secured against the assets to which they relate.

The Group's right of use asset additions and depreciation charge recognised on leases in the year is shown in note 13, and interest expense in note 9. The total cash outflows in the year are explained in the Statement of Cash Flows and associated notes.

22. FINANCIAL INSTRUMENTS

The Group is exposed on a minimal basis to market risk through its use of a US Dollar and a Euro account. The Group's risk management is co-ordinated by the Directors who focus actively on securing the Group's short to medium term cash flows through regular review of all the operating activities of the business. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Market and liquidity risks

Liquidity risk is the risk that the Company fails to have sufficient funds to meet its debts as they become due. The Group holds funds in short-term bank deposits so that they are available when required. The liquidity risk of the Group is managed centrally. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which regularly monitors the Group's short-medium and long-term funding, and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash and cash equivalents and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group have managed the risks of short term cash deficits by receiving advanced payment on key contracts to ensure its cash flow requirements can continue to be sufficiently met. See note 1.3 for further information on cashflows and the Directors' consideration of going concern.

Credit risk

During the year, the Group's credit risk was primarily attributable to its cash balances, other loans receivable, and its trade receivables. Credit risk, is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings. The risk to the Group of trade receivables going bad is deemed relatively low due to the size and stature of the customers the Company now trades with. There were no allowances for debt recovery as at the current or previous year end.

The Group continuously monitors credit risk of customers and other counterparties and incorporates this information into its credit risk controls. The Group takes up trade references on all new customers and its policy is to deal only with credit worthy companies. None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered negligible, since the counterparty is a reputable bank with a high quality external credit rating, therefore no significant mitigating actions are required in respect of credit risk.

The Group uses an expected credit loss model for impairment that represents its estimate of incurred losses in respect of the Trade Receivables as appropriate. The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. The expected loss rates are based on the Group's historical credit losses experienced over the two year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customer. Under the expected credit loss model impairment allowance wasn't material resulting in no provision being made.

Capital management

As described in Note 25 the Group considers its capital to comprise its ordinary share capital, share premium, share based payment reserve, and accumulated deficit as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to commercialise the development which has been undertaken to date, through major sales in a number of markets.

No supplier financing arrangements or credit insurance is in place. The Group's dividend policy is to monitor reserves available for distribution to shareholders. The Group monitors capital on the basis of carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods under review is set out below:

Group	**2021 £'000**	2020 £'000
Total equity	21,327	2,749
Less non-pledged cash and cash equivalents	(4,910)	(4,388)
Capital	16,417	(1,639)

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

NOTES TO THE FINANCIAL STATEMENTS
continued

22. FINANCIAL INSTRUMENTS continued

Exchange rate and interest rate risk

All of the Group's borrowings are at fixed interest rates. The Group is therefore not exposed to the impact of changes in interest rates in the medium term. The level of debt is reviewed regularly by the Board.

The Group does not have any significant assets or liabilities in a currency other than Sterling. Due to the non-material nature of the Group's exposure to foreign currency risk, sensitivity analyses to movement in exchange rates are not produced. The Group has no long term foreign exchange exposure. At the beginning, during and end of the year, the Group had no unexpired forward foreign exchange contracts.

The majority of purchases are denominated in Sterling. The Group is therefore not materially exposed to the impact of changes in exchange rates.

Group	2021 £'000	2020 £'000
Carrying amount of financial assets:		
Measured at fair value	–	–
Debt instruments measured at amortised cost	14,227	5,971
	14,227	5,971
Carrying amount of financial liabilities:		
Measured at fair value	–	3,284
Measured at amortised cost	6,457	3,486
	6,457	6,770

The Group is not subject to external imposed capital requirements and any bank covenants have been relaxed until September 2022, other than the minimum capital requirements and duties regarding reduction of capital as imposed by the Companies Act 2006 for all public limited companies.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

All of the Group's assets and liabilities are valued on a Level 3 basis.

22. FINANCIAL INSTRUMENTS continued

The undiscounted contractual maturity analysis for Group financial instruments is shown below. The maturity analysis reflects the contractual undiscounted cashflows, including future interest charges, which may differ from the carrying value of the liabilities as at the reporting date.

Financial liabilities	Demand and less than 3 months £'000	From 3 to 12 months £'000	From 12 months to 2 years £'000	From 2 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	1,807	–	–	–	–	1,807
Loan notes	–	3,284	–	–	–	3,284
Leases	67	205	268	602	255	1,397
Deferred consideration	–	32	–	–	–	32
Bank loans	–	21	125	104	–	250
At 30 June 2020	1,874	3,542	393	706	255	6,770
Trade and other payables	4,839	–	–	–	–	4,839
Leases	67	201	228	567	61	1,124
Bank loans	31	94	115	–	254	494
At 30 June 2021	4,937	295	343	567	315	6,457

23. DEFERRED TAX

As at the year-end there are no deferred tax balances in the Group or Company (2020 - £nil). The balances below are recognised but offset for reporting purposes as the Group and Company have a legal right of offset of these balances as they unwind with the same tax authority.

The following is the deferred tax balances recognised on a net basis:

	Liabilities		**Assets**	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Accelerated capital allowances	525	232	–	–
Tax losses	(622)	(232)	–	–
IFRS 16 transitional adjustments	–	–	–	–
Capitalised research and development expenditure	97	–	–	–
	–	–	–	–

Movements by category of deferred tax are as follows:

	(Asset)/Liability at 1 July 2020 £'000	(Credit)/charge to profit and loss £'000	**(Asset)/Liability at 30 June 2021 £'000**
Accelerated capital allowances	232	293	525
Tax losses	(232)	(390)	(622)
IFRS 16 transitional adjustments	–	–	–
Capitalised research and development expenditure	–	97	97
	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
continued

23. DEFERRED TAX continued

	(Asset)/Liability at 1 July 2019 £'000	(Credit)/charge to profit and loss £'000	(Asset)/Liability at 30 June 2020 £'000
Accelerated capital allowances	323	(91)	232
Tax losses	(469)	237	(232)
IFRS 16 transitional adjustments	(15)	15	–
Capitalised research and development expenditure	146	(146)	–
	(15)	15	–

Group

A deferred tax asset amounting to £5,879,000 (2020 - £2,780,000) in respect of trading losses carried forward of £23,515,000 (2020 - £14,633,000) has not been recognised due to uncertainty over the extent and timing of future profits within the Group as at 30 June 2021. If these losses were recognised as a deferred tax asset at the prevailing rate of 25% (2020 – 19%) this would result in an increase to net assets of the Group of approximately £5,879,000 (2020 - £2,780,000).

Company

A deferred tax asset amounting to £3,139,000 (2020 - £1,252,000), in respect of trading losses carried forward of £12,558,000 (2020 - £6,590,000), has not been recognised due to uncertainty over future profits. If these losses were recognised as a deferred tax asset at the prevailing rate of 25% (2020 – 19%) this would result in an increase to net assets of the Group of approximately £3,139,000 (2020 - £1,252,000).

24. RETIREMENT BENEFIT SCHEMES

	2021 £'000	2020 £'000
Charge to profit and loss in respect of defined contribution schemes	191	103

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. At the year-end there is a pension creditor of £38,000 (2020 - £17,000).

25. SHARE CAPITAL AND RESERVES

Ordinary share capital Authorised	**2021 Number**	2020 Number
Ordinary shares of 0.025p each (2020 – 0.1p each)	95,699,114	12,906,826
A Ordinary shares of 0.1p each	–	3,916,450
Deferred shares of 0.025p each	182,316,812	–
	278,015,926	16,823,276

Allotted and fully paid	**Number**	Number
Ordinary shares of 0.025p each (2020 – 0.1p each)	95,699,114	11,406,826
A Ordinary shares of 0.1p each	–	3,916,450
Deferred shares of 0.025p each	182,316,812	–
	278,015,926	15,323,276

25. SHARE CAPITAL AND RESERVES continued

	£'000	£'000
Ordinary shares of 0.025p each	24	11
Ordinary 'A' shares of 0.1p each	–	4
Deferred shares of 0.025p each	45	–
	69	15

On 22 October 2020 the Group undertook a 3 for 1 bonus issue of shares for all existing shareholders with 45,969,828 new shares of £0.001 being issued and £45,970 transferred from share premium to share capital. Immediately after the bonus issue these shares were redesignated as deferred shares which carry no voting rights.

On 14 December various reorganisation steps were taken in advance of the IPO, as follows:

- Exercise of options over 1,322,440 ordinary shares of £0.001 each;
- Conversion of all convertible loan notes and accrued interest into 1,159,271 ordinary shares of £0.001;
- Re-designation of 390,625 deferred shares into ordinary shares of £0.001;
- Re-designation of all A ordinary shares into ordinary shares of £0.001;
- Division of each deferred shares of £0.001 into 4 deferred shares of £0.00025 each and each ordinary shares of £0.001 into 4 ordinary shares of £0.00025 each.

On 15 December 2020 the Company announced the admission of its entire issued and to be issued ordinary share capital to trading on the AIM market of the London Stock Exchange. The Company raised £22 million (before expenses) by way of a placing of 22,916,666 ordinary shares of 0.025 pence each.

Reconciliation of movements during the year:

	Number
At 1 July 2020	15,323,276
Allotment of bonus shares	45,969,828
Exercise of share options	1,322,440
Conversion of loan notes	1,159,271
Division of deferred shares	136,737,609
Division of ordinary shares	54,586,836
Shares issued on listing	22,916,666
At 30 June 2021	278,015,926

Reserves of the Company represent the following:

Share capital – Shares in the Company held by shareholders at a proportional level with equal voting rights per share.

Share premium – Excess over share capital of any investments.

Retained earnings – This comprises the accumulated trading results of the Group.

Share-based payment reserve – This reserve comprises the fair value of options share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital.

NOTES TO THE FINANCIAL STATEMENTS
continued

26. SHARE OPTIONS

Group & Company	Number of share options: 30 June 2021 Number	Number of share options: 30 June 2020 Number	Weighted average exercise price: 30 June 2021 £	Weighted average exercise price: 30 June 2020 £
Outstanding at 1 July 2020	287,440	287,440	0.0010	0.001
Granted	2,049,275	–	0.2191	–
Forfeited	(204,808)	–	0.3355	–
Lapsed	(80,000)	–	0.0010	–
Exercised	(1,322,440)	–	0.0080	–
Outstanding at 30 June 2021	729,467	287,440	0.5071	0.001
Exercisable at 30 June 2021	–	–	–	–

1,322,440 options were exercised during the year, as part of the Group's admission to AIM.

The options outstanding at 30 June 2021 had an exercise price ranging from £0.00025 to £0.70 and a remaining contractual life of between 2 years 9 months and 9 years 9 months. The options exist at 30 June 2021 across the following share option schemes:

	Number of shares	Exercise price per share (£)	Fair value of scheme	Vesting period
Options issued in April 2021	201,065	0.00025	215,449	1 year
SAYE scheme commenced in March 2021	528,402	0.70	368,211	3 years
	729,467		583,710	

The fair value of the scheme is being expensed over the vesting period. All share options expire 10 years after the date of issue.

	Group: 30 June 2021 £'000	Group: 30 June 2020 £'000	Company: 30 June 2021 £'000	Company: 30 June 2020 £'000
Expenses recognised in the year				
Arising from equity settled share-based payment transactions	1,367	36	1,238	36

27. GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

At 30 June 2021, the Group and Company had no contingent liabilities (2020 - none). The borrowings disclosed in note 20, excluding the convertible loan notes, were secured over the assets of the Group including the Company. The amounts payable to a former shareholder £nil (2020 - £13,000) disclosed in notes 19 and 20 are guaranteed by the Company.

At 30 June 2021 the Group had contracted for capital commitments of approximately £0.8 million (2020 - £1.7 million). These amounts have not been reflected in the financial statements.

28. DIRECTORS' REMUNERATION AND TRANSACTIONS

	30 June 2021 £'000	30 June 2020 £'000
Remuneration for qualifying services	662	450
Company pension contributions to defined contribution schemes	26	15
	688	465

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 1).

During the year to 30 June 2021 the Directors received remuneration as follows:

	Salary/fees £'000	Pension contributions £'000	Benefits in kind £'000	Total cash & cash equivalent remuneration £'000
Executive directors				
Christopher William Hand (until December 2020)*	127	–	3	130
Melanie Ross (appointed 26 January 2021)	68	5	–	74
Chris Henry Francis Yates	251	17	1	268
Scott Andrew Page (resigned 26 January 2021)	107	4	–	111
	553	26	4	583
Non-executive directors				
Christopher William Hand (from January 2021)*	36	–	4	40
Lyn Dafydd Rees	34	–	–	34
Mary Geraldine Tavener (appointed 26 October 2020)	27	–	–	27
Maxim Roger Duckworth (resigned 11 December 2020)	4	–	–	4
	101	–	4	105
Total executive & non-executive remuneration	654	26	8	688

* Following the Group's admission to AIM, Christopher Hand transferred from being an executive director to a non-executive director. Accordingly his remuneration is split in the above table.

NOTES TO THE FINANCIAL STATEMENTS
continued

28. DIRECTORS' REMUNERATION AND TRANSACTIONS continued

In addition to the above remuneration the directors have been granted share options with fair value as shown in the below table for the year ended 30 June 2021. All outstanding share options are significantly underwater and therefore the fair value shown is a theoretical value only, based on the market input at the grant date, and does not represent actual cash-equivalent remuneration in the period.

	Fair value of share options £'000	Total remuneration £'000
Executive directors		
Christopher William Hand (until December 2020)*	160	290
Melanie Ross (appointed 26 January 2021)	–	74
Chris Henry Francis Yates	186	454
Scott Andrew Page (resigned 26 January 2021)	93	204
	439	1022
Non-executive directors		
Christopher William Hand (from January 2021)*	–	40
Lyn Dafydd Rees	384	418
Mary Geraldine Tavener (appointed 26 October 2020)	–	27
Maxim Roger Duckworth (resigned 11 December 2020)	–	4
	384	489
Total executive & non-executive remuneration	823	1,511

In the current year, 3 directors exercised share options covering 542,995 shares. The total exercise price was £5,223. No directors exercised share options in the prior year. The share options for Lyn Rees lapsed before 30 June 2021 and accordingly no ultimate value will be derived from these options.

During the year to 30 June 2020 the Directors received remuneration as follows:

	Salary/fees £'000	Pension contributions £'000	Benefits in kind £'000	Total £'000
Executive directors				
Christopher William Hand	161	–	6	167
Chris Henry Francis Yates	213	15	–	228
Scott Andrew Page (appointed 20 December 2019)	45	3	–	48
Richard James Marlow (resigned 20 December 2019)	14	–	–	14
	433	18	6	457
Non-executive directors				
Lyn Dafydd Rees (appointed 22 June 2020)	–	–	–	–
Maxim Roger Duckworth (resigned 11 December 2020)	8	–	–	8
	8	–	–	–
Total executive & non-executive remuneration	441	18	6	465

28. DIRECTORS' REMUNERATION AND TRANSACTIONS continued

During the year to 30 June 2020 the fair value of the share options granted to the Directors is as follows:

	Fair value of share options £'000	Total remuneration £'000
Executive directors		
Christopher William Hand	–	167
Chris Henry Francis Yates	–	228
Scott Andrew Page (resigned 26 January 2021)	5	53
Richard James Marlow (resigned 20 December 2019)	–	14
	5	462
Non-executive directors		
Lyn Dafydd Rees (appointed 22 June 2020)	–	–
Maxim Roger Duckworth	–	8
	–	8
Total executive & non-executive remuneration	5	470

29. EVENTS AFTER THE REPORTING DATE

The Group is at present negotiating for payment on a key contract, as described further in note 16. As at the date of signing these accounts, Abingdon have met with the DHSC on two occasions in an effort to mediate a resolution to this issue and during the second mediation meeting both parties signed a non-binding heads of agreement which would, if concluded, lead to the outstanding monies being substantially collected and resolve all outstanding disputes with DHSC.

30. RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

The key management personnel are considered to be the Board of Directors and members. Refer to note 28 for details of key management personnel remuneration.

31. SUBSIDIARIES

Details of the Company's subsidiaries at 30 June 2021 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held
Molecular Vision Limited (UK)	Consultancy and R&D into a diagnostics technology platform	A1 Preference shares	100%
Serascience Limited (UK)	Development and sales of medical diagnostic devices	Ordinary shares	100%
Forsite Diagnostics Limited (UK)	Manufacturing of diagnostic devices	Ordinary shares	100%

All investments are directly held by the Company. The investments in subsidiaries are all stated at cost less impairment in the financial statements.

All subsidiary companies have the same registered address as noted on the company information page in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
continued

32. RESTATEMENT

During the current period the directors have re-analysed expenditure that was previously classified as an administrative expense. As a consequence, £340k was identified which was previously included within administrative expenses whereas it should have been classified as a cost of sale. The expense items reflect staff used in manufacturing of products, and the costs of rental for premises space used for manufacturing. The adjustment has no impact on reported loss for the year.

The following adjustment has been made to the prior periods filed accounts:

Year to 30 June 2020	As filed £'000	Adjustment £'000	As restated £'000
Cost of sales	(809)	(340)	(1,149)
Gross profit	4,426	(340)	4,086
Administrative expenses & impairment charges	(7,863)	340	(7,523)
Other income	125	–	125
Operating loss	(3,312)	–	(3,312)

33. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, no one party has ultimate control due to shareholding.

Company Information

Directors	Dr Chris Hand	Non-executive Chairman
	Mr Lyn Rees	Non-executive Director
	Mrs Mary Tavener	Non-executive Director
	Mr Chris Yates	Chief Executive Officer
	Mrs Melanie Ross	Chief Financial Officer

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