

Farewill Ltd.

Registered number: 09701947

Annual report

For the year ended 31 July 2021

FAREWILL LTD.

COMPANY INFORMATION

Directors

T L Doree
D Garrett
T C Levene
T Rogers
S M Laurent

Registered number

09701947

Registered office

1st Floor
27 Downham Road
London
England
N1 5AA

Independent auditor

Mazars LLP
Chartered Accountants & Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

FAREWILL LTD.

CONTENTS

| | Page |
|--|---------|
| Strategic Report | 1 - 2 |
| Directors' Report | 3 - 5 |
| Independent Auditor's Report | 6 - 9 |
| Consolidated Statement of Comprehensive Income | 10 |
| Consolidated Balance Sheet | 11 |
| Company Balance Sheet | 12 |
| Consolidated Statement of Changes in Equity | 13 |
| Company Statement of Changes in Equity | 14 |
| Consolidated Statement of Cash Flows | 15 |
| Notes to the Financial Statements | 16 - 30 |

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2021**

The directors present their Strategic Report for the Group and the Company together with the audited financial statements for the year ended 31 July 2021.

Fair review of the business

The principal activity of the Group is that of bereavement services. Principally in the year ending July 2021, this was the provision of Wills, Probate and Funeral services in the United Kingdom.

The results for the year ending July 2021 reflect significant growth in the activities of the Company, with turnover growing 46% compared to the prior financial year.

The increase in revenue has been driven through the combination of macro-economic factors, mainly the impact of COVID-19, combined with an increase in product range and marketing effectiveness of the group.

Principal risks and uncertainties

The operations of the Company expose it to various financial risks, including liquidity risk, industry risk and market risk.

Liquidity Risk

The Company has sufficient cash balances to cover foreseeable needs and seeks to mitigate liquidity risks through the management of these. Included, but not limited to, the management of staff overheads and marketing spend.

Industry Risk

The Company is competing against existing, predominantly high-street, retailer industry incumbents. There is a risk that the existing incumbents, and limited number of existing online competitors, develop superior online technology and bereavement services than that of the capability of Farewill.

Market Risk

The financial results of the Group have been positively impacted by the pandemic, and the resultant reduction of retail competitors to trade effectively. As the pandemic continues to decline in effect, there is a risk that the customers return to the high-street for more complex end-of-life services, rather than simpler online services currently provided online.

Financial key performance indicators

The performance of the business is assessed predominantly using revenue and gross profit figures, together with non-financial metrics, including unique visitors to the website, cross-sell opportunities, and average order value. The actual results are regularly compared to budgets and forecasts and material variances are investigated and action taken to mitigate any major adverse deterioration in performance.

In the year ending 31st July 2021, the Company's revenue increased to £5m (2020: £2.7m) and gross profit increased to £2.3m (2020: £1.5m).

In the same financial year end, the business saw an increase of 53% in unique visitors across all web-based properties in the group.

Lastly, average order value for the business increased from £71 to £138 in the same period due to the increased provision of more complex end-of-life bereavement services.

FAREWILL LTD.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

Future developments

The Company will continue to provide bereavement services for both at-need and pre-need customers across the UK into 2022. The Company will expand the number and type of charity and commercial partners it works with, to broaden the volume and quality of acquisition channels for its services. Finally, the Company plans to launch the only end-to-end online Funeral Plan service in the UK. Continuing the long history of innovation in the sector since 2015.

This report was approved by the board and signed on its behalf by:

D Garrett
Director

Date: 3 March 2022

FAREWILL LTD.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2021**

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

Principal activity

The principal activity of the Group is the provision of bereavement support services.

Results and dividends

The loss for the year, after taxation, amounted to £6,749,228 (2020: loss of £4,445,916).

The directors do not recommend the payment of a dividend for the year (2020: £nil).

Directors

The directors who served during the year and to the date of this report were:

T L Doree
D Garrett
T C Levene
T Rogers
S M Laurent

Qualifying third party indemnity provisions

The directors benefit from a qualifying indemnity provision in the form permitted by the Section 234 of the Companies Act 2006 in respect of certain third party actions against directors. No claim or notice of claim in respect of these indemnities has been received in the year. The qualifying indemnity provision was in force throughout the financial year and up to the date of approval of the Directors' Report.

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated audited consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited consolidated financial statements for each financial year. Under that law the directors have elected to prepare the audited consolidated financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these audited consolidated financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the audited consolidated 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the audited consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

The withdrawal of the United Kingdom from the European Union

New trading arrangements between the United Kingdom and the European Union took effect on 31 December 2020. In general, tariffs and quotas on trade have not been introduced, although administrative complications and regulatory restrictions have reduced the freedom of cross-border trade. The Group and Company are carefully monitoring the practical application of the new trading arrangements by regulatory authorities, to better understand what the eventual impact on its business will be. The process of determining these effects is ongoing, and has also been delayed by the suspension of certain sectors of economic activity in response to the COVID-19 pandemic.

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

Going concern

The Group has made a loss in the current two years. During the prior year the Group received a significant investment from shareholders and at year end has net current assets. Notwithstanding the risks the directors note as arising from the withdrawal of the UK from the EU and the COVID-19 pandemic, the directors do not consider that there is any serious doubt over the ability of the Group to continue to operate for a period of at least twelve months from the date of this report. Accordingly, the financial statements have been prepared on the going concern basis.

Economic impact of the COVID-19 pandemic

The COVID-19 pandemic continues to affect the UK and global economies however the recent lifting of social restrictions by the government means the directors anticipate the UK and global economies to return to growth in due course. It is not possible to predict how quickly and to what degree this may happen. The priorities of the directors remain to comply with any remaining regulatory requirements to the fullest extent possible, and to maintain the safety and well-being of the Group and Company's personnel.

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 1. These matters relate to business review, future developments and principal risks and uncertainties.

Post balance sheet events

There have been no significant events affecting the Group and Company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

D Garrett
Director

Date: 3 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAREWILL LTD.

Opinion

We have audited the financial statements of Farewill Ltd. (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 July 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, 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 their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAREWILL LTD.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAREWILL LTD.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless either the directors intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Group and the Company which were contrary to applicable laws and regulations, including fraud.

FAREWILL LTD.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAREWILL LTD.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Gareth Jones (Senior statutory auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House

St Katharine's Way
London
E1W 1DD

3 March 2022

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

| | Note | 2021 £ | 2020 £ |
|---|------|--------------------|--------------------|
| Turnover | 4 | 4,982,176 | 2,692,488 |
| Cost of sales | | (2,698,716) | (1,230,696) |
| Gross profit | | <u>2,283,460</u> | <u>1,461,792</u> |
| Administrative expenses | | (9,976,923) | (6,067,369) |
| Operating loss | 5 | <u>(7,693,463)</u> | <u>(4,605,577)</u> |
| Interest receivable and similar income | 9 | 6,314 | 25,362 |
| Interest payable and similar expenses | 10 | - | (9,427) |
| Loss before tax | | <u>(7,687,149)</u> | <u>(4,589,642)</u> |
| Tax on loss | 11 | 937,921 | 143,726 |
| Loss for the financial year | | <u>(6,749,228)</u> | <u>(4,445,916)</u> |
| Other comprehensive income | | - | - |
| Total comprehensive expense for the year | | <u>(6,749,228)</u> | <u>(4,445,916)</u> |

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 16 to 30 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2021

| | Note | 2021 £ | 2020 £ |
|--|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible fixed assets | 12 | 175,413 | 163,748 |
| | | <u>175,413</u> | <u>163,748</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 14 | 1,993,367 | 1,048,320 |
| Cash and cash equivalents | 15 | 9,371,888 | 16,123,481 |
| | | <u>11,365,255</u> | <u>17,171,801</u> |
| Creditors: amounts falling due within one year | 16 | (1,456,142) | (945,999) |
| Net current assets | | <u>9,909,113</u> | <u>16,225,802</u> |
| Total assets less current liabilities | | <u>10,084,526</u> | <u>16,389,550</u> |
| Net assets | | <u><u>10,084,526</u></u> | <u><u>16,389,550</u></u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 293 | 288 |
| Share premium account | 18 | 23,079,314 | 23,077,983 |
| Profit and loss account | 18 | (12,995,081) | (6,688,721) |
| Total equity | | <u><u>10,084,526</u></u> | <u><u>16,389,550</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D Garrett
Director

Date: 3 March 2022

The notes on pages 16 to 30 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 JULY 2021

| | Note | 2021 £ | 2020 £ |
|--|------|-------------------|-------------------|
| Fixed assets | | | |
| Tangible fixed assets | 12 | 175,413 | 163,748 |
| Fixed asset investments | 13 | 3 | 1 |
| | | <u>175,416</u> | <u>163,749</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 14 | 1,876,986 | 903,379 |
| Cash and cash equivalents | 15 | 8,855,927 | 15,965,900 |
| | | <u>10,732,913</u> | <u>16,869,279</u> |
| Creditors: amounts falling due within one year | 16 | (1,391,521) | (876,700) |
| | | <u>9,341,392</u> | <u>15,992,579</u> |
| Net current assets | | <u>9,341,392</u> | <u>15,992,579</u> |
| Total assets less current liabilities | | <u>9,516,808</u> | <u>16,156,328</u> |
| Net assets | | <u>9,516,808</u> | <u>16,156,328</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 293 | 288 |
| Share premium account | 18 | 23,079,314 | 23,077,983 |
| Profit and loss account | 18 | (13,562,799) | (6,921,943) |
| | | <u>9,516,808</u> | <u>16,156,328</u> |
| Total equity | | <u>9,516,808</u> | <u>16,156,328</u> |

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £7,083,724 (2020: loss of £4,679,443).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D Garrett
Director

Date: 3 March 2022

The notes on pages 16 to 30 form part of these financial statements.

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

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|--------------------------|----------------------------|--------------------------|
| | £ | £ | £ | £ |
| At 1 August 2019 (as previously stated) | 224 | 8,160,872 | (2,468,758) | 5,692,338 |
| Prior year adjustment | - | (29,916) | (70,821) | (100,737) |
| At 1 August 2019 (as restated) | <u>224</u> | <u>8,130,956</u> | <u>(2,539,579)</u> | <u>5,591,601</u> |
| Comprehensive loss for the year | | | | |
| Loss for the year | - | - | (4,445,916) | (4,445,916) |
| Total comprehensive loss for the year | - | - | (4,445,916) | (4,445,916) |
| Shares issued during the year | 64 | 14,947,027 | - | 14,947,091 |
| Share based payment charge (note 20) | - | - | 296,774 | 296,774 |
| Total transactions with owners | <u>64</u> | <u>14,947,027</u> | <u>296,774</u> | <u>15,243,865</u> |
| At 1 August 2020 | 288 | 23,077,983 | (6,688,721) | 16,389,550 |
| Comprehensive loss for the year | | | | |
| Loss for the year | - | - | (6,749,228) | (6,749,228) |
| Total comprehensive loss for the year | - | - | (6,749,228) | (6,749,228) |
| Shares issued during the year | 5 | 1,331 | - | 1,336 |
| Share based payment charge (note 20) | - | - | 442,868 | 442,868 |
| Total transactions with owners | <u>5</u> | <u>1,331</u> | <u>442,868</u> | <u>444,204</u> |
| At 31 July 2021 | <u><u>293</u></u> | <u><u>23,079,314</u></u> | <u><u>(12,995,081)</u></u> | <u><u>10,084,526</u></u> |

The notes on pages 16 to 30 form part of these financial statements.

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

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|---|----------------------------|--------------------------|----------------------------|-------------------------|
| | £ | £ | £ | £ |
| At 1 August 2019 (as previously stated) | 224 | 8,160,872 | (2,468,453) | 5,692,643 |
| Prior year adjustment | - | (29,916) | (70,821) | (100,737) |
| At 1 August 2019 (as restated) | <u>224</u> | <u>8,130,956</u> | <u>(2,539,274)</u> | <u>5,591,906</u> |
| Comprehensive loss for the year | | | | |
| Loss for the year | - | - | (4,679,443) | (4,679,443) |
| Total comprehensive loss for the year | <u>-</u> | <u>-</u> | <u>(4,679,443)</u> | <u>(4,679,443)</u> |
| Contributions by and distributions to owners | | | | |
| Shares issued during the year | 64 | 14,947,027 | - | 14,947,091 |
| Share based payment charge (note 20) | - | - | 296,774 | 296,774 |
| Total transactions with owners | <u>64</u> | <u>14,947,027</u> | <u>296,774</u> | <u>15,243,865</u> |
| At 1 August 2020 | 288 | 23,077,983 | (6,921,943) | 16,156,328 |
| Comprehensive loss for the year | | | | |
| Loss for the year | - | - | (7,083,724) | (7,083,724) |
| Total comprehensive loss for the year | <u>-</u> | <u>-</u> | <u>(7,083,724)</u> | <u>(7,083,724)</u> |
| Contributions by and distributions to owners | | | | |
| Shares issued during the year | 5 | 1,331 | - | 1,336 |
| Share based payment charge (note 20) | - | - | 442,868 | 442,868 |
| Total transactions with owners | <u>5</u> | <u>1,331</u> | <u>442,868</u> | <u>444,204</u> |
| At 31 July 2021 | <u><u>293</u></u> | <u><u>23,079,314</u></u> | <u><u>(13,562,799)</u></u> | <u><u>9,516,808</u></u> |

The notes on pages 16 to 30 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021**

| | 2021 | 2020 |
|---|-------------------------|--------------------------|
| | £ | £ |
| Cash flows from operating activities | | |
| Loss for the financial year | (6,749,228) | (4,445,916) |
| Adjustments for: | | |
| Depreciation of tangible fixed assets | 94,494 | 62,979 |
| Interest paid | - | 9,427 |
| Interest received | (6,314) | (25,362) |
| Taxation charge | (937,921) | (143,726) |
| Increase in debtors | (380,519) | (364,879) |
| Increase in creditors | 510,143 | 802,152 |
| Increase in provisions | 10,977 | - |
| Corporation tax received | 362,416 | 143,726 |
| Net cash used in operating activities | <u>(7,095,952)</u> | <u>(3,961,599)</u> |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (106,159) | (117,566) |
| Interest received | 6,314 | 25,362 |
| Net cash used in investing activities | <u>(99,845)</u> | <u>(92,204)</u> |
| Cash flows from financing activities | | |
| Issue of ordinary shares | 5 | 64 |
| Share premium on issue of ordinary shares | 1,331 | 14,947,027 |
| Share based payment charge | 442,868 | 296,774 |
| Interest paid | - | (9,427) |
| Net cash generated from financing activities | <u>444,204</u> | <u>15,234,438</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>(6,751,593)</u> | <u>11,180,635</u> |
| Cash and cash equivalents at beginning of year | 16,123,481 | 4,942,846 |
| Cash and cash equivalents at the end of year | <u><u>9,371,888</u></u> | <u><u>16,123,481</u></u> |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | <u><u>9,371,888</u></u> | <u><u>16,123,481</u></u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

1. General information

Farewill Ltd. is a private company limited by shares, incorporated and registered in England. The address of the registered office of the Company is 1st Floor, 27 Downham Road, London, England N1 5AA.

The principal activity of the Group is the provision of legal services.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

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

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12 (b) not to present the Company statement of cash flows.

The financial statements have been presented in Pounds Sterling and are rounded to the nearest pound as this is the currency of the primary economic environment in which the Group and Company operates.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group has made a loss in the current two years. During the prior year the Group received a significant investment from shareholders and at year end has net current assets. Notwithstanding the risks the directors note as arising from the withdrawal of the UK from the EU and the COVID-19 pandemic, the directors do not consider that there is any serious doubt over the ability of the Group to continue to operate for a period of at least twelve months from the date of this report. Accordingly, the financial statements have been prepared on the going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.4 Foreign currency translation

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

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

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

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

2.5 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest receivable and similar income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 Interest payable and similar expenses

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

| | | | |
|--------------------|---|-----|-----------|
| Office equipment | - | 33% | per annum |
| Computer equipment | - | 33% | per annum |

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Debtors: amounts falling due within one year

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

2.15 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 Creditors: amounts falling due within one year

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.17 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

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

In applying the group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable.

Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting are recognised in the year in which the estimate is revised, if the revision affects only that year, in the year of the revision and future years, if the revision affects both current and future years.

3.1 Critical judgements in applying the Company's accounting policies

The directors do not consider there to be any critical judgements in applying the Company's accounting policies

3.2 Key sources of estimation uncertainty

The directors do not consider there to be any material key sources of estimation uncertainty.

4. Turnover

The whole of the turnover is attributable to the principal activities of the Group undertaken entirely in the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

| | 2021 | 2020 |
|---------------------------------------|----------------|----------------|
| | £ | £ |
| Depreciation of tangible fixed assets | 94,494 | 62,979 |
| Other operating lease rentals | <u>182,053</u> | <u>207,817</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

6. Auditor's remuneration

| | 2021 | 2020 |
|--|---------------|---------------|
| | £ | £ |
| Fees payable to the Group's auditor for the audit of the Group's annual financial statements | <u>17,235</u> | <u>15,000</u> |
| Fees payable to the Group's auditor in respect of: | | |
| Taxation compliance services | 5,000 | 4,300 |
| All other assurance services | <u>5,765</u> | <u>5,600</u> |

7. Employees

| | Group | Group |
|-------------------------------------|------------------|------------------|
| | 2021 | 2020 |
| | £ | £ |
| Wages and salaries | 5,938,786 | 2,887,374 |
| Social security costs | 668,584 | 320,349 |
| Cost of defined contribution scheme | 104,118 | 53,046 |
| Share based payments (note 20) | 442,868 | 296,774 |
| | <u>7,154,356</u> | <u>3,557,543</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2021 | 2020 |
|-------------------------------|-------------|-------------|
| | No. | No. |
| Employees including directors | <u>114</u> | <u>58</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

8. Directors' remuneration

| | 2021 | 2020 |
|---|----------------|----------------|
| | £ | £ |
| Directors' emoluments | 209,000 | 150,250 |
| Company contributions to defined contribution pension schemes | 1,537 | - |
| | <u>210,537</u> | <u>150,250</u> |

During the year retirement benefits were accruing to 2 directors (2020: nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £78,750 (2020: £60,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £769 (2020: £nil).

9. Interest receivable and similar income

| | 2021 | 2020 |
|--------------------------|--------------|---------------|
| | £ | £ |
| Bank interest receivable | <u>6,314</u> | <u>25,362</u> |

10. Interest payable and similar expenses

| | 2021 | 2020 |
|-----------------------|-------------|--------------|
| | £ | £ |
| Bank interest payable | <u>-</u> | <u>9,427</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

11. Taxation

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Corporation tax | | |
| Current tax on losses for the year | (719,231) | (143,726) |
| Adjustments in respect of previous periods | (218,690) | - |
| | <u>(937,921)</u> | <u>(143,726)</u> |
| Deferred tax | | |
| | <u>-</u> | <u>-</u> |
| Total deferred tax | <u>-</u> | <u>-</u> |
| | <u>(937,921)</u> | <u>(143,726)</u> |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

| | 2021 £ | 2020 £ |
|---|--------------------|--------------------|
| Loss before tax | <u>(7,687,149)</u> | <u>(4,589,642)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | (1,460,558) | (872,032) |
| Effects of: | | |
| Fixed asset differences | 371 | - |
| Expenses not deductible for tax purposes | 34,672 | 1,941 |
| Income not deductible for tax purposes | (65) | (4,819) |
| Adjustments to losses | 130 | - |
| Additional deduction for R&D expenditure | (532,684) | (94,096) |
| Surrender of tax losses for R&D tax credit refund | 942,441 | 112,475 |
| Group relief surrendered/(claimed) | 63,754 | 33,234 |
| Adjustment to tax charge in respect of previous periods | (218,690) | - |
| Adjustment to tax charge in respect of previous periods - deferred tax | - | (289,429) |
| R&D tax credit | (719,231) | - |
| Remeasurement of deferred tax for changes in tax rates | (617,365) | (34,050) |
| Movement in deferred tax not recognised | 1,569,304 | 1,003,050 |
| | <u>(937,921)</u> | <u>(143,726)</u> |
| Total tax credit for the year | <u>(937,921)</u> | <u>(143,726)</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

11. Taxation (continued)

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

12. Tangible fixed assets

Group and Company

| | Office equipment £ | Computer equipment £ | Total £ |
|-----------------------|--------------------------|----------------------------|----------------|
| Cost | | | |
| At 1 August 2020 | 131,207 | 125,535 | 256,742 |
| Additions | - | 106,159 | 106,159 |
| At 31 July 2021 | <u>131,207</u> | <u>231,694</u> | <u>362,901</u> |
| Depreciation | | | |
| At 1 August 2020 | 52,795 | 40,199 | 92,994 |
| Charge for the year | 41,611 | 52,883 | 94,494 |
| At 31 July 2021 | <u>94,406</u> | <u>93,082</u> | <u>187,488</u> |
| Net book value | | | |
| At 31 July 2021 | <u>36,801</u> | <u>138,612</u> | <u>175,413</u> |
| At 31 July 2020 | <u>78,412</u> | <u>85,336</u> | <u>163,748</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

13. Fixed asset investments

Company

| | Investments in subsidiary companies £ |
|------------------|--|
| Cost | |
| At 1 August 2020 | 1 |
| Additions | 2 |
| | <hr/> |
| At 31 July 2021 | <u>3</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|-------------------------------------|--|--|-----------------|----------|
| Farewill Legal Services Limited | 1st Floor 27 Downham Road, London, N1 5AA | Provision of legal probate services | Ordinary | 100 % |
| Farewill Cremation Services Limited | 1st Floor 27 Downham Road, London, N1 5AA | Dormant | Ordinary | 100 % |
| Farewill Trustees Limited | 1st Floor 27 Downham Road, London, N1 5AA | Dormant | Ordinary | 100 % |

All the above subsidiaries are included in these consolidated financial statements.

14. Debtors: amounts falling due within one year

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|--------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 290,435 | 170,390 | 263,562 | 145,844 |
| Other debtors | 59,818 | 59,816 | 59,818 | 59,816 |
| Prepayments and accrued income | 1,067,609 | 818,114 | 978,101 | 697,719 |
| Tax recoverable | 575,505 | - | 575,505 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | <u>1,993,367</u> | <u>1,048,320</u> | <u>1,876,986</u> | <u>903,379</u> |

Trade debtors are stated net of a provision for doubtful receivables of £36,941 (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

15. Cash and cash equivalents

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | <u>9,371,888</u> | <u>16,123,481</u> | <u>8,855,927</u> | <u>15,965,900</u> |

16. Creditors: Amounts falling due within one year

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade creditors | 238,694 | 177,150 | 238,694 | 177,150 |
| Other taxation and social security | 309,778 | 299,590 | 282,910 | 280,494 |
| Other creditors | 61,794 | 56,783 | 61,796 | 56,783 |
| Accruals and deferred income | 845,876 | 412,476 | 808,121 | 362,273 |
| | <u>1,456,142</u> | <u>945,999</u> | <u>1,391,521</u> | <u>876,700</u> |

17. Share capital

| | 2021 £ | 2020 £ |
|--|------------|------------|
| Allotted, called up and fully paid | | |
| 29,266,243 (2020: 28,827,542) Ordinary shares of £0.00001 each | <u>293</u> | <u>288</u> |

Ordinary shares entitle the holder of each to one voting right and no right to fixed income.

During the year the Company issued 438,701 new shares of £0.00001 each in exchange for a consideration of £1,336. The consideration received in excess of the nominal value of the shares issued was allocated to the share premium account.

18. Reserves

Share premium account

The share premium account represents the consideration received in exchange for newly-issued shares which is in excess of the nominal value of those shares issued.

Profit and loss account

The profit and loss account represents the cumulative profits and losses of the Group and the Company less any dividends which have been paid.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

19. Consolidated analysis of net debt

| | At 1 August 2020 £ | Cash flows £ | At 31 July 2021 £ |
|--------------------------|--------------------------|--------------------|-------------------------|
| Cash at bank and in hand | 16,123,481 | (6,751,593) | 9,371,888 |
| | <u>16,123,481</u> | <u>(6,751,593)</u> | <u>9,371,888</u> |

20. Share based payments

The company operates an equity-settled employee share option plan, under which options have been granted to individuals at an exercise price equal to an agreed price of the company's shares on the date of the grant.

Options grant the holder the option to subscribe to share in the company, upon the occurrence of specified corporate activity which includes, but is not limited to a share sale or reorganisation.

During the year, new options were granted and exercised as detailed below:

| | Weighted average exercise price (pence) 2021 | Number 2021 | Weighted average exercise price (pence) 2020 | Number 2020 |
|---|--|------------------|--|------------------|
| Outstanding at the beginning of the year | 1 | 1,853,145 | 1 | 1,326,739 |
| Outstanding at the end of the year | <u>1</u> | <u>1,853,145</u> | <u>1</u> | <u>1,326,739</u> |
| | | | 2021 | 2020 |
| Expected volatility | | | 16.50% | 16.83% |
| Expected term | | | 48 months | 48 months |
| Risk-free interest rate | | | <u>0.45%</u> | <u>0.64%</u> |
| | | | 2021 | 2020 |
| | | | £ | £ |
| Equity-settled schemes | | | <u>442,868</u> | <u>296,774</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

21. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund during the year and amounted to £104,118 (2020: £53,046). Contributions totalling £30,277 (2020: £20,235) were payable to the fund at the reporting date and are included in other creditors.

22. Commitments under operating leases

At 31 July 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group 2021 £ | Group 2020 £ |
|--|-----------------------------|-----------------------------|
| Not later than 1 year | 180,338 | 180,338 |
| Later than 1 year and not later than 5 years | 296,109 | 296,109 |
| | <u>476,447</u> | <u>476,447</u> |

23. Related party transactions

The Group has taken advantage of the exemption permitted by Section 33 'Related party disclosures' not to provide disclosures of transactions entered into with other wholly owned members of the Group.

During the year a director, T L Doree, received advances of £33,600 (2020: £71,824) for consultancy work delivered to the Group.

24. Post balance sheet events

There have been no significant events affecting the Group and Company since the year end.

25. Controlling party

The directors do not consider the Group to have a single controlling party.

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