

HEALIOS LTD

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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HEALIOS LTD

COMPANY INFORMATION

Directors

R Andrews
R J Bradford
L K Hansen
M L Kulawik
C Mcdonald
G F Rich

Registered number

08459279

Registered office

4a Tileyard Studios Tileyard Road
Kings Cross
London
N7 9AH

Independent Auditor

Cooper Parry Group Limited
Chartered Accountants & Statutory Auditor
MindSpace
9 Appold Street
London
EC2A 2AP

HEALIOS LTD

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HEALIOS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year are stated on the company information page.

Disclosure 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'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's auditor is aware of that information.

HEALIOS LTD

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

DocuSigned by:
Richard Andrews
3761D2B9EA4F422...
R Andrews
Director

Date: 05 September 2022

HEALIOS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALIOS LTD

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw your attention to Note 1.2 of the financial statements, which describes the uncertainty over going concern and the companies need for funding in the next 12 months. Our opinion is not modified in respect of this matter.

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. 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.

HEALIOS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALIOS LTD (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

HEALIOS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALIOS LTD (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.
- reading the minutes of meetings of those charged with governance; enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

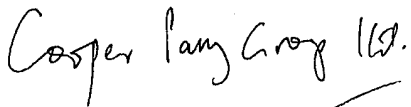
HEALIOS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALIOS LTD (CONTINUED)

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 our report

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



Steven Leith (senior statutory auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

MindSpace
9 Appold Street
London
EC2A 2AP

Date: 05 September 2022

HEALIOS LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Turnover	10,842,758	5,485,327
Cost of sales	(6,066,783)	(3,423,245)
Gross profit	<u>4,775,975</u>	<u>2,062,082</u>
Operating costs	(2,340,019)	(1,071,121)
Administrative expenses	(8,066,553)	(3,055,396)
Other operating income	6,411	59,607
Operating loss	<u>(5,624,186)</u>	<u>(2,004,828)</u>
Interest payable and similar expenses	(375)	(7,665)
Loss before tax	<u>(5,624,561)</u>	<u>(2,012,493)</u>
Tax on loss	779,515	239,273
Loss for the financial year	<u><u>(4,845,046)</u></u>	<u><u>(1,773,220)</u></u>

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 10 to 16 form part of these financial statements.


HEALIOS LTD
REGISTERED NUMBER: 08459279

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	3	191,883	316,591
Tangible assets	4	64,852	22,028
		<u>256,735</u>	<u>338,619</u>
Current assets			
Debtors	5	3,510,568	2,345,590
Cash at bank and in hand		3,304,488	511,978
		<u>6,815,056</u>	<u>2,857,568</u>
Creditors: amounts falling due within one year	6	(6,983,842)	(5,266,734)
Net current liabilities		<u>(168,786)</u>	<u>(2,409,166)</u>
Total assets less current liabilities		87,949	(2,070,547)
Creditors: amounts falling due after more than one year	7	(38,333)	(48,333)
Net assets/(liabilities)		<u><u>49,616</u></u>	<u><u>(2,118,880)</u></u>
Capital and reserves			
Called up share capital		189	157
Share premium account		11,130,014	4,116,504
Profit and loss account		(11,080,587)	(6,235,541)
		<u>49,616</u>	<u>(2,118,880)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

DocuSigned by:

 3761D2B9EA4F422...
 K Andrews
 Director

Date: 05 September 2022

The notes on pages 10 to 16 form part of these financial statements.

HEALIOS LTD

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	135	2,538,306	(4,462,321)	(1,923,880)
Loss for the year	-	-	(1,773,220)	(1,773,220)
Shares issued during the year	22	1,578,198	-	1,578,220
At 1 January 2021	157	4,116,504	(6,235,541)	(2,118,880)
Loss for the year	-	-	(4,845,046)	(4,845,046)
Shares issued during the year	32	7,013,510	-	7,013,542
At 31 December 2021	189	11,130,014	(11,080,587)	49,616

The notes on pages 10 to 16 form part of these financial statements.

HEALIOS LTD

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

1. Accounting policies

1.1 Basis of preparation of financial statements

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

Healios Limited (the 'company') is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on the company information page.

The financial statements are prepared in Sterling (£), the company's functional currency. The financial statements are for the year ended 31 December 2021 (2020: 31 December 2020).

The following principal accounting policies have been applied:

1.2 Going concern

At the time of signing these accounts, the directors have considered the cash and funding needs of the company for the next 12 months and have concluded that the financial statements should be prepared on a going concern basis. In forming this opinion, the directors have highlighted the need for further funding within 12 months of the signing of the accounts which is in line with its planned growth strategy. Since the year end company has secured interim funding in the form of a cash facility of £4m and are due to close additional convertible loan funding of £8m. The directors are confident the convertible loan funding will be successful based on how advanced the company is in securing these funds with formal agreements in place, however the directors also acknowledge the level of uncertainty involved and that if the interim convertible loan funding or alternative funding is not successful it would cast significant doubt over the companies ability to continue to trade.

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from a contract to provide services is recognised over the total period of that contract and proportionally as services are provided.

1.4 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

1.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

HEALIOS LTD

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

1. Accounting policies (continued)**1.6 Pensions****Defined contribution pension plan**

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

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax.

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

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

1.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software costs	-	5	years being applied when the project is complete
Website costs	-	5	years being applied when the project is complete

1.9 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.

HEALIOS LTD

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

1. Accounting policies (continued)**1.9 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:

Short-term leasehold property	-	50% straight line
Fixtures and fittings	-	25% straight line
Equipment	-	33% straight line

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

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

1.10 Debtors

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

1.11 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.

1.12 Creditors

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

1.13 Financial instruments

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

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 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.

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

HEALIOS LTD

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

1. Accounting policies (continued)**1.13 Financial instruments (continued)**

company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2. Employees

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

	2021 No.	2020 No.
Employees	288	128

3. Intangible assets

	Software costs £	Website costs £	Total £
Cost			
At 1 January 2021	623,389	5,150	628,539
Additions	-	1,250	1,250
At 31 December 2021	<u>623,389</u>	<u>6,400</u>	<u>629,789</u>
Amortisation			
At 1 January 2021	310,918	1,030	311,948
Charge for the year on owned assets	124,678	1,280	125,958
At 31 December 2021	<u>435,596</u>	<u>2,310</u>	<u>437,906</u>
Net book value			
At 31 December 2021	<u>187,793</u>	<u>4,090</u>	<u>191,883</u>
At 31 December 2020	<u>312,471</u>	<u>4,120</u>	<u>316,591</u>

HEALIOS LTD

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

4. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Equipment £	Total £
Cost or valuation				
At 1 January 2021	-	535	51,386	51,921
Additions	84,873	-	16,772	101,645
At 31 December 2021	<u>84,873</u>	<u>535</u>	<u>68,158</u>	<u>153,566</u>
Depreciation				
At 1 January 2021	-	535	29,358	29,893
Charge for the year on owned assets	42,437	-	16,384	58,821
At 31 December 2021	<u>42,437</u>	<u>535</u>	<u>45,742</u>	<u>88,714</u>
Net book value				
At 31 December 2021	<u>42,436</u>	<u>-</u>	<u>22,416</u>	<u>64,852</u>
At 31 December 2020	<u>-</u>	<u>-</u>	<u>22,028</u>	<u>22,028</u>

5. Debtors

	2021 £	2020 £
Trade debtors	2,430,183	1,861,630
Amounts owed by group undertakings	167,987	-
Other debtors	790,130	10,760
Prepayments and accrued income	122,268	473,200
	<u>3,510,568</u>	<u>2,345,590</u>

HEALIOS LTD

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

6. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	10,000	1,667
Trade creditors	131,369	181,064
Social security and other taxes	1,380,647	1,132,321
Other creditors	330,803	267,013
Accruals and deferred income	5,131,023	3,684,669
	<u>6,983,842</u>	<u>5,266,734</u>

7. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans	38,333	48,333
	<u>38,333</u>	<u>48,333</u>

8. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	10,000	1,667
Amounts falling due 1-2 years		
Bank loans	10,000	10,000
Amounts falling due 2-5 years		
Bank loans	28,333	30,000
Amounts falling due after more than 5 years		
Bank loans	-	8,333
	<u>48,333</u>	<u>50,000</u>

9. Pension commitments

The company 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 company to the fund and amounted to £495,405 (2020: £198,190). Contributions totalling £105,996 (2020: £51,052) were payable to the fund at the balance sheet date and are included in creditors.

HEALIOS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**10. Commitments under operating leases**

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	193,032	116,695
Later than 1 year and not later than 5 years	136,688	136,952
	<u>329,720</u>	<u>253,647</u>

11. Related party transactions

The company was under the control of Mr R Andrews and Dr L Hansen throughout the current and previous period. Both individuals are directors of the company with Mr Andrews taking responsibility for day to day activities whilst Dr Hansen oversees and is actively engaged as a practicing clinician.

During the year the directors entered into the following advances and credits with the company, the amounts are shown within other creditors:

	Balance brought forward £	Advances/ (credits) to the directors £	Amounts Repaid by company £	Balance Outstanding £
Loans from Directors	206,649	-	(42)	206,607
	<u>206,649</u>	<u>-</u>	<u>(42)</u>	<u>206,607</u>