
EXHALATION TECHNOLOGY LTD

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

EXHALATION TECHNOLOGY LTD

COMPANY INFORMATION

DIRECTORS

Helle Funch Nielsen
Hans Martin Dam
Claus Holmelund

REGISTERED NUMBER

04720331

REGISTERED OFFICE

50/60 Station Road
Cambridge
CB1 2JH

ACCOUNTANTS

Peters Elworthy & Moore
Chartered Accountants
Salisbury House
Station Road
Cambridge
CB1 2LA

EXHALATION TECHNOLOGY LTD

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EXHALATION TECHNOLOGY LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2022**

The directors present their report and the financial statements for the year ended 31 July 2022.

DIRECTORS

The directors who served during the year were:

Helle Funch Nielsen
Hans Martin Dam
Claus Holmelund

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.

Helle Funch Nielsen

**Helle Funch Nielsen
Director**

Date: 10 December 2022

EXHALATION TECHNOLOGY LTD

**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF
THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF EXHALATION TECHNOLOGY LTD
FOR THE YEAR ENDED 31 JULY 2022**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Exhalation Technology Ltd for the year ended 31 July 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation>.

This report is made solely to the Board of Directors of Exhalation Technology Ltd, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of Exhalation Technology Ltd and state those matters that we have agreed to state to the Board of Directors of Exhalation Technology Ltd, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Exhalation Technology Ltd and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Exhalation Technology Ltd has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Exhalation Technology Ltd. You consider that Exhalation Technology Ltd is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Exhalation Technology Ltd. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



Peters Elworthy & Moore

Chartered Accountants

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 12 December 2022

EXHALATION TECHNOLOGY LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 £
Turnover		50,367
Cost of sales		-
GROSS PROFIT		50,367
Administrative expenses		(1,179,380)
OPERATING LOSS		(1,129,013)
Interest payable and similar expenses		(527)
LOSS BEFORE TAX		(1,129,540)
Tax on loss		20,000
LOSS FOR THE FINANCIAL YEAR		(1,109,540)

The notes on pages 8 to 13 form part of these financial statements.

EXHALATION TECHNOLOGY LTD
REGISTERED NUMBER: 04720331

BALANCE SHEET
AS AT 31 JULY 2022

	Note	2022 £
FIXED ASSETS		
Tangible assets	4	7,363
Investments		2,253
		9,616
CURRENT ASSETS		
Stocks		52,163
Debtors: amounts falling due within one year	6	82,351
Cash at bank and in hand		346,699
		481,213
Creditors: amounts falling due within one year	7	(58,700)
NET CURRENT ASSETS/(LIABILITIES)		422,513
TOTAL ASSETS LESS CURRENT LIABILITIES		432,129
NET ASSETS/(LIABILITIES)		432,129
CAPITAL AND RESERVES		
Called up share capital	8	221,454
Share premium account		13,065,001
Profit and loss account		(12,854,326)
		432,129

EXHALATION TECHNOLOGY LTD
REGISTERED NUMBER: 04720331

BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2022

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 on 10 December 2022

Helle Funch Nielsen

Helle Funch Nielsen
Director

The notes on pages 8 to 13 form part of these financial statements.

EXHALATION TECHNOLOGY LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2022**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 August 2021	130,431	11,464,375	(11,744,786)	(149,980)
Loss for the year	-	-	(1,109,540)	(1,109,540)
Shares issued during the year	91,023	1,600,626	-	1,691,649
AT 31 JULY 2022	221,454	13,065,001	(12,854,326)	432,129

The notes on pages 8 to 13 form part of these financial statements.

EXHALATION TECHNOLOGY LTD

**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 2020	120,069	10,059,315	(9,557,981)	621,403
COMPREHENSIVE INCOME FOR THE YEAR				
Loss for the year	-	-	(2,186,805)	(2,186,805)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	(2,186,805)	(2,186,805)
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS				
Shares issued during the year	10,362	1,405,060	-	1,415,422
TOTAL TRANSACTIONS WITH OWNERS	10,362	1,405,060	-	1,415,422
AT 31 JULY 2021	130,431	11,464,375	(11,744,786)	(149,980)

The notes on pages 8 to 13 form part of these financial statements.

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

1. GENERAL INFORMATION

The company is a private company limited by shares and incorporated in England & Wales. Its registered office is 50/60 Station Road, Cambridge, CB1 2JH.

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 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.

The following principal accounting policies have been applied:

2.2 FOREIGN CURRENCY TRANSLATION**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

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 Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.3 TURNOVER

Turnover comprises revenue recognised by the Company in respect of medical testing kits during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised as the fair value of the consideration received or receivable and is recognised on the date of invoice.

2.4 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss 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.

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

2. ACCOUNTING POLICIES (CONTINUED)**2.5 RESEARCH AND DEVELOPMENT**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.7 TAXATION

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.

2.8 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.

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:

Plant and machinery	-	10% straight line
Office equipment	-	50% 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.

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

2. ACCOUNTING POLICIES (CONTINUED)**2.9 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.10 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 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.

2.12 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.

2.13 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.

3. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration (2021 - £NIL).

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

4. TANGIBLE FIXED ASSETS

	Plant and machinery £	Office equipment £	Total £
COST OR VALUATION			
At 1 August 2021	9,349	9,306	18,655
At 31 July 2022	<u>9,349</u>	<u>9,306</u>	<u>18,655</u>
DEPRECIATION			
At 1 August 2021	1,888	6,698	8,586
Charge for the year on owned assets	935	1,771	2,706
At 31 July 2022	<u>2,823</u>	<u>8,469</u>	<u>11,292</u>
NET BOOK VALUE			
At 31 July 2022	<u><u>6,526</u></u>	<u><u>837</u></u>	<u><u>7,363</u></u>

5. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST OR VALUATION	
Additions	2,253
At 31 July 2022	<u><u>2,253</u></u>

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

6. DEBTORS

	2022
	£
Amounts owed by group undertakings	199
Other debtors	77,740
Prepayments and accrued income	4,412
	<hr/>
	82,351
	<hr/> <hr/>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022
	£
Trade creditors	44,516
Other creditors	133
Accruals and deferred income	14,051
	<hr/>
	58,700
	<hr/> <hr/>

Other loans include convertible loan notes of £664,999 converted on 31 December 2021 bearing interest at 2.5% per annum. The interest was accrued daily and calculated on the basis of a 365 day year.

8. SHARE CAPITAL

	2022	2021
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
1,910,211 (2021 - 1,005,977) Ordinary shares of £0.10 each	191,021	100,598
58,300 (2021 - 52,300) Ordinary B shares of £0.10 each	5,830	5,230
246,029 (2021 - 246,029) Preference shares of £0.10 each	24,603	24,603
	<hr/>	<hr/>
	221,454	130,431
	<hr/> <hr/>	<hr/> <hr/>

During the year the following shares were issued;-
79,226 Ordinary shares of £0.10 were issued for £10.93 each,
8 Ordinary shares of £0.10 were issued for £13.66 each,
6,000 Ordinary B shares of £0.10 were issued for £0.10 each,
825,000 Ordinary shares of £0.10 were issued for £1.00 each.

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

9. OTHER FINANCIAL COMMITMENTS

Total financial commitments, guarantees and contingencies that are not included in the balance sheet amount to £45,087 (2021 - £148,563).

10. POST BALANCE SHEET EVENTS

Subsequent to the year end, Gler ApS, a joint venture of the Company failed to secure government funding and will be dissolved. Included within these accounts is an investment of £2,253 which will not be recouped.

EXHALATION TECHNOLOGY LTD

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 £
Turnover		50,367
GROSS PROFIT		<u>50,367</u>
LESS: OVERHEADS		
Administration expenses		(1,179,380)
OPERATING LOSS		<u>(1,129,013)</u>
Interest payable		(527)
Tax on loss on ordinary activities		20,000
LOSS FOR THE YEAR		<u><u>(1,109,540)</u></u>

EXHALATION TECHNOLOGY LTD

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2022**

	2022
	£
TURNOVER	
Domestic sales	810
Recharges to connected companies	49,557
	<hr/> 50,367 <hr/> <hr/>
IMPORT DUTY	

EXHALATION TECHNOLOGY LTD

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2022**

	2022 £
ADMINISTRATION EXPENSES	
Hotels, travel and subsistence	6,769
Research and development	517,788
Printing and stationery	14,516
Postage	5,697
Telephone and fax	1,638
Computer costs	2,908
Advertising and promotion	2,102
Legal and professional	241,238
Accountancy fees	11,239
Bank charges	1,657
Loss on foreign exchange	9,870
Rent	37,500
Insurances	24,554
Depreciation	2,706
Management fees	299,198
	<hr/> 1,179,380 <hr/> <hr/>

	2022 £
INTEREST PAYABLE	
Other loan interest payable	527
	<hr/> 527 <hr/> <hr/>