
EXHALATION TECHNOLOGY LTD

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

EXHALATION TECHNOLOGY LTD

COMPANY INFORMATION

DIRECTORS

Helle Funch Nielsen
Hans Martin Dam
Claus Holmelund

COMPANY SECRETARY

HS Secretarial Limited

REGISTERED NUMBER

04720331

REGISTERED OFFICE

C/O Hewitsons LLP
42 Newmarket Road
Cambridge
England
CB5 8EP

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 2021**

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

DIRECTORS

The directors who served during the year were:

Helle Funch Nielsen
Hans Martin Dam
Claus Holmelund
Carsten Lønborg Madsen (resigned 8 October 2020)

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: 01/11/2021

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 2021**

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 2021 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: 01/11/2021

EXHALATION TECHNOLOGY LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2021**

	2021	2020
	£	£
Turnover	1,069	-
Cost of sales	(100)	-
GROSS PROFIT	969	-
Administrative expenses	(2,531,611)	(2,752,875)
OPERATING LOSS	(2,530,642)	(2,752,875)
Interest receivable and similar income	-	3,587
Interest payable and similar expenses	(894)	(34,908)
LOSS BEFORE TAX	(2,531,536)	(2,784,196)
Tax on loss	344,731	394,202
LOSS FOR THE FINANCIAL YEAR	(2,186,805)	(2,389,994)

The notes on pages 7 to 12 form part of these financial statements.

EXHALATION TECHNOLOGY LTD
REGISTERED NUMBER: 04720331

BALANCE SHEET
AS AT 31 JULY 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	4	10,069	10,329
		<u>10,069</u>	<u>10,329</u>
CURRENT ASSETS			
Stocks		64,513	43,081
Debtors: amounts falling due within one year	5	466,458	436,116
Cash at bank and in hand		394,870	212,759
		<u>925,841</u>	<u>691,956</u>
Creditors: amounts falling due within one year	6	(1,085,890)	(80,882)
NET CURRENT (LIABILITIES)/ASSETS		(160,049)	611,074
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(149,980)</u>	<u>621,403</u>
NET (LIABILITIES)/ASSETS		<u>(149,980)</u>	<u>621,403</u>
CAPITAL AND RESERVES			
Called up share capital	7	130,431	120,069
Share premium account		11,464,375	10,059,315
Profit and loss account		(11,744,786)	(9,557,981)
		<u>(149,980)</u>	<u>621,403</u>

EXHALATION TECHNOLOGY LTD
REGISTERED NUMBER: 04720331

BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2021

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 11/01/2021

Helle Funch Nielsen

Helle Funch Nielsen
Director

The notes on pages 7 to 12 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 2019	101,870	4,369,139	(7,167,987)	(2,696,978)
Loss for the year	-	-	(2,389,994)	(2,389,994)
Shares issued during the year	18,199	5,690,176	-	5,708,375
At 1 August 2020	120,069	10,059,315	(9,557,981)	621,403
Loss for the year	-	-	(2,186,805)	(2,186,805)
Shares issued during the year	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 7 to 12 form part of these financial statements.

EXHALATION TECHNOLOGY LTD

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

1. GENERAL INFORMATION

The company is a private company limited by shares and incorporated in England & Wales. Its registered office is c/o Hewitsons LLP, 42 Newmarket Road, Cambridge, CB5 8EP.

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 GOING CONCERN

The Company had net liabilities of £149,980 as at 31 July 2021 (2020 - net assets of £621,403). The financial statements are prepared on the going concern basis on the assumption that the Company will continue to receive financial support from its shareholders to provide sufficient funds to enable it to meet its liabilities as they fall due.

During early 2020, the global health crisis caused by COVID-19 emerged, which has had a significant impact on all businesses. The directors have assessed the potential impact of this uncertain situation on the Company with the information available and do not consider that it will lead to any impairment of the carrying amount of reported assets.

2.3 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'.

EXHALATION TECHNOLOGY LTD

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

2. ACCOUNTING POLICIES (CONTINUED)**2.4 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..

2.5 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.

2.6 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.

2.7 INTEREST INCOME

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

2.8 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.

2.9 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.

EXHALATION TECHNOLOGY LTD

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

2. ACCOUNTING POLICIES (CONTINUED)**2.9 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:

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.

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.

EXHALATION TECHNOLOGY LTD

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

2. ACCOUNTING POLICIES (CONTINUED)

2.14 CONVERTIBLE DEBT

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the Balance Sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

3. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL).

4. TANGIBLE FIXED ASSETS

	Plant and machinery £	Office equipment £	Total £
COST OR VALUATION			
At 1 August 2020	8,859	7,075	15,934
Additions	490	2,231	2,721
At 31 July 2021	<u>9,349</u>	<u>9,306</u>	<u>18,655</u>
DEPRECIATION			
At 1 August 2020	961	4,644	5,605
Charge for the year on owned assets	927	2,054	2,981
At 31 July 2021	<u>1,888</u>	<u>6,698</u>	<u>8,586</u>
NET BOOK VALUE			
At 31 July 2021	<u>7,461</u>	<u>2,608</u>	<u>10,069</u>
At 31 July 2020	<u>7,898</u>	<u>2,431</u>	<u>10,329</u>

EXHALATION TECHNOLOGY LTD

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

5. DEBTORS

	2021 £	2020 £
Amounts owed by group undertakings	18,494	-
Other debtors	411,742	408,983
Prepayments and accrued income	36,222	27,133
	<u>466,458</u>	<u>436,116</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Other loans	664,999	-
Trade creditors	412,741	62,999
Other creditors	251	-
Accruals and deferred income	7,899	17,883
	<u>1,085,890</u>	<u>80,882</u>

Other loans include convertible loan notes of £644,999 (2020: £nil) which bear interest at 2.5% per annum. The interest shall accrue daily and be calculated on the basis of a 365 day year. The convertible loan notes have a longstop date of 31 December 2021, or in the event a default occurs, repayment is due immediately.

7. SHARE CAPITAL

	2021 £	2020 £
ALLOTTED, CALLED UP AND FULLY PAID		
1,005,977 (2020 - 902,359) Ordinary shares of £0.10 each	100,598	90,236
52,300 (2020 - 52,300) Ordinary B shares of £0.10 each	5,230	5,230
246,029 (2020 -246,029) Preference shares of £0.10 each	24,603	24,603
	<u>130,431</u>	<u>120,069</u>

During the year, 103,618 Ordinary shares of £0.10 were issued for £13.66 each.

EXHALATION TECHNOLOGY LTD

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

8. OTHER FINANCIAL COMMITMENTS

Total financial commitments, guarantees and contingencies that are not included in the balance sheet amount to £148,563 (2020 - £NIL).

EXHALATION TECHNOLOGY LTD

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2021**

	2021	2020
	£	£
Turnover	1,069	-
Cost of sales	(100)	-
	<hr/>	<hr/>
GROSS PROFIT	969	-
LESS: OVERHEADS		
Administration expenses	(2,531,611)	(2,752,875)
	<hr/>	<hr/>
OPERATING LOSS	(2,530,642)	(2,752,875)
Interest receivable	-	3,587
Interest payable	(894)	(34,908)
Tax on loss on ordinary activities	344,731	394,202
	<hr/>	<hr/>
LOSS FOR THE YEAR	(2,186,805)	(2,389,994)
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EXHALATION TECHNOLOGY LTD

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2021**

	2021 £	2020 £
TURNOVER		
Domestic sales	1,069	-
	<hr/> 1,069	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>
	2021 £	2020 £
IMPORT DUTY		
Carriage and import duty	100	-
	<hr/> 100	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>

EXHALATION TECHNOLOGY LTD

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2021**

	2021 £	2020 £
ADMINISTRATION EXPENSES		
Training and conferences	-	17,208
Entertainment	-	292
Hotels, travel and subsistence	2,779	17,387
Research and development	1,581,751	1,822,360
Printing and stationery	16,412	13,437
Postage	14,475	17,473
Telephone and fax	1,700	1,712
Computer costs	1,265	3,356
Advertising and promotion	2,723	47,310
Legal and professional	349,423	417,595
Accountancy fees	10,788	11,418
Bank charges	1,483	2,338
Bad debts	-	100
Loss on foreign exchange	11,900	15,621
Sundry expenses	48,300	-
Rent	62,500	-
Insurances	44,365	18,427
Depreciation	2,981	2,859
Management fees	378,766	226,754
Intellectual property	-	73,599
Penalties	-	43,054
Subcontractor	-	575
	2,531,611	2,752,875
	2,531,611	2,752,875
	2021 £	2020 £
INTEREST RECEIVABLE		
Bank interest receivable	-	3,183
Other interest receivable	-	404
	-	3,587
	-	3,587

EXHALATION TECHNOLOGY LTD

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2021**

	2021	2020
	£	£
INTEREST PAYABLE		
Other loan interest payable	894	34,908
	<u>894</u>	<u>34,908</u>
	<u>894</u>	<u>34,908</u>