Byotrol Plc

Annual Report
and
Financial Statements

for the year ended 31 March 2020

Registered number: 05352525

COMPANY INFORMATION

Directors

Dr Trevor Francis (Chief Technology Officer)
Sean Gogarty (Non-executive Director)
Nic Hellyer (Chief Financial Officer)
John Thomson Langlands (Non-executive Chairman)
Dr Till Medinger (Non-executive Director)
David Traynor (Chief Executive Officer)

Nominated Adviser and Stockbroker

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Auditor

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Solicitors

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Share Capital

The ordinary share capital of Byotrol Plc is admitted to trading on AIM, a market operated by London Stock Exchange Group plc. The shares are quoted under the trading ticker BYOT

The ISIN number is GB00B0999995 and the SEDOL number is B099999

Registrars

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About Byotrol

Byotrol is dedicated to improving lives around the world by developing and commercialising market-leading infection control and prevention products. We specialise in high performance, sustainable and regulatory-approved antimicrobial technologies and products, especially those which challenge traditional sanitisation and cleaning methods.

Our technologies are utilised across professional and consumer markets, in products for both surfaces and skin, in environments where good hygiene is of the greatest importance. Byotrol's laboratories are based at Thornton Science Park, a University of Chester campus in the North-West of England and operates commercially from Thornton and from Sevenoaks in Kent.

Byotrol's territories of sale have grown significantly in recent years and our products are now sold and used throughout Europe, North America, South Africa and Asia. Byotrol is active in the following market sectors:

- **Professional**

  - Human Health
  - Animal Health
  - Facilities Management
  - Food & Beverage

- **Consumer**

  - Household
  - Skin Care
  - Pet Care

Byotrol believes in scientific excellence, superior hygiene, the responsible use of biocides and, above all, easier, cleaner, safer lives for everyone.

Byotrol's corporate history

1990's Byotrol's first antimicrobial technology was invented and patented

2005 The Company floated on the London AIM market

2007 Byotrol Consumer Products set up in joint venture with Byotrol plc and WhatIf Ventures

2010 First consumer hand sanitiser launched in Boots

2011 Consumer household surface care range launched in Tesco

2013 Byotrol plc acquired remaining share of Byotrol Consumer Products from WhatIf Ventures

2014 Actizone patent granted in the UK

2016 PAS 2424 long-lasting antimicrobial test method developed in conjunction with the BSI

2017 Byotrol launches new *Invirtu* hand sanitiser

2017 The US Environmental Protection Agency grant approval of Byotrol's proprietary 24-hour germ-kill surface sanitiser

2018 Byotrol acquires Medimark Scientific Limited, a leading provider of biocide-based infection control products for the animal and human healthcare markets

2019 Byotrol sells patents and underlying IP to Solvay SA, whilst retaining rights to sell *Actizone* in finished product form; completes licenses with two key suppliers into UK NHS – with SC Johnson Professional on alcohol free hand sanitisers; and with Tristel on (non-sporicidal) anti-microbial surface care chemistries

2020 Byotrol accelerates earnout payments relating to Medimark Scientific, allowing final integration of the two companies

Strategic Report - Chairman's Statement

For the year ended 31 March 2020

Dear Shareholder

Our strategy continues to be that of a technology-led company focusing on regulatory-approved specialist infection prevention and control technologies, commercialised by sales of products, licences and technology. This was another good year for the Group in delivering that strategy. Market conditions have obviously changed significantly since the coronavirus pandemic emerged and we believe that our markets have undergone a structural change. We remain confident that our positioning remains the right strategy for this new environment and that the pandemic will accelerate and increase the magnitude of changes that we had already been positioning for. Our team has responded very well to the crisis and we are already seeing the financial benefit in the current financial year.

Results and financing

Revenue for the year was £6.1m and adjusted EBITDA[1] £0.26m. Product sales increased from £3.5m in 2019 to £5.3m and the assocaited gross profit from £1.5m to just over £2.1m. We also recognised revenue and gross profit from IP agreements of £0.78m, lower than the prior year (which benefited from one large IP agreement with Solvay SA). These types of agreements will remain a key part of our commercial strategy, especially in markets that we are unable easily to access directly or where we can work with clear leaders in their field, and we reported two similar deals just after the year end, one in human hospital healthcare in the UK and another in the US. The recognition as upfront revenue of the stream of future fixed royalty payments which typically result from such deals can make it difficult for investors to appreciate the performance of the business in cashflow terms. I would therefore encourage shareholders to read the detail in the Financial Review section to gain a clearer understanding of our financial profile.

At the year-end we had cash resources[2] of £1.7m. Combined with positive cashflow since year end, we are well resourced to finance ongoing operations and steady growth.

Acceleration of earn-out and completion of acquisition of Medimark

We acquired the Medimark business in August 2018, with the total consideration being dependent on two years of earnout payments linked to stretch targets for EBITDA. The business traded profitably from the date of acquisition, but at the end of calendar year 2019, was thought likely to fall short of the original expectations. As a result, the vendors of Medimark agreed in January 2020 to accelerate the completion of the earn-out and accept a final payment of £0.45m (of which £0.29m was in cash and the remainder in shares), thus finalising the formal integration and enabling work on synergies across the Group to progress. The final agreement resulted in the total cost of the acquisition being approximately £2.8m.

We are very pleased with the performance of the Medimark team and see many potential synergies once the release of lockdown allows us fully to complete the integration process.

Impact of coronavirus

I am pleased to report that none of our staff have had to be treated for Covid-19 and have been able to work from home with minimal attendance at our offices. During the crisis the team has successfully dealt with internal and external lockdowns, extreme ebbs and flows of the supply chain and newer, larger and faster requirements from customers. I am pleased with how the team has responded to these challenges.

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[1] i.e. earnings before interest, tax, depreciation, amortisation and exceptional and other adjusting items – see Note 8

[2] i.e. gross cash less financial debt

Group sales first started to increase in February 2020, principally from our agent in Japan. Sales then started to accelerate in Europe in March. The impact on FY20 sales was therefore small; however, sales have continued at a high level since the year end. It is clearly the case that the pandemic has boosted demand and interest in anti-microbial products, especially anti-virals. Business-wise this is all extremely favourable for Byotrol as that demand is now focused on sanitising products that are supported by comprehensive, detailed scientific and regulatory validation, set in law and increasingly policed by UK and EU regulators. The market is in a transition phase at the moment as the new regulations bite and we remain confident that our business will benefit as enforcement increases.

US operations

As reported in our last financial statements, the Directors concluded in 2019 that the risk/reward of Byotrol going alone into the US was less attractive than for other markets and that we should find a suitable partner. Having conducted a formal search process in conjunction with US advisers, we further concluded in January 2020 that we would make best returns by working with pragmatic, success-incentivised entrepreneurs rather than in, for example, a corporate alliance. This led to a new license agreement post year end over Byotrol24 surface sanitiser with Integrated Resources Inc., a newly-formed associate of our hand sanitiser licensee in the US.

Board and employees

The Byotrol team has performed extremely well this year, especially during the pandemic. We have managed to service our clients very effectively throughout, despite most of our own staff being locked down and our labs having to work on rota with skeleton staff only. I would like to thank them all for their efforts, commitment and enthusiasm this year. I would further like to thank our suppliers, especially our manufacturing partners, who have been putting in extraordinary efforts to satisfy demand for our products. We are pleased with the relationships we now have in place.

I would also like to announce a change at Board level, to be formalised at the next AGM. After 11 years with Byotrol, Dr Till Medinger will be stepping down as a non-executive director. We have enjoyed working with Till and recognise fully how important his advice and guidance has been through some turbulent times at Byotrol, thankfully now in the past. Our sincere thanks go to Till and our best wishes for his retirement.

Till will be replaced as non-executive director by Dr Trevor Francis, currently Chief Technology Officer. Trevor has been pivotal in all aspects of the Group’s restructuring and whilst we respect his wish to retire from an executive role, we are delighted that he is staying with us at Board level. We know he will be a very active in his new position.

Trevor’s management role in Byotrol will now pass to Dr Huw Evans, who has been with Byotrol for 5 years, prior to which he was a 28 year R&D executive at Unilever, including 20 years at director level. Huw has already been very successfully running our day-to-day technical operations for the last year, so the transition should be seamless.

AGM

The Company's AGM is expected to be held on a date to be confirmed in November 2020. In accordance with current restrictions on gatherings of more than 6 people, it is expected that the AGM will be held fully or partly virtually (with attendance and voting occurring electronically), without any requirement for a physical location for the meeting; however, a decision on this will be made in due course depending on whether requirements or legislation changes. The Company values the participation of smaller and retail shareholders and In any event due consideration will be given to enabling participation at the AGM, possibly by way of a prior Q&A facility.

In addition to the normal business of the AGM, the Board also intends to propose resolutions to reduce the share premium account and other reserves in order to create a positive retained earnings balance and hence distributable reserves which would enable the Company to pay a dividend if and when deemed appropriate. In addition, the Board is also considering taking the opportunity to consolidate the share capital in order that the Company has fewer shares in issue but each share having a higher nominal value.

Further announcements and communication regarding the AGM and these other matters will be made in due course.

Prospects

We remain steadfast in our belief that the winners in our industry will be those that are science-led, validated by regulators and fully aware of the complexities and risk/rewards of using biocides. Towards the end of calendar 2019, we were starting to see the benefits of that approach and were trading profitably in product sales with less reliance on one-off agreements.

Coronavirus has accelerated and magnified the changes that we were already seeing and we believe greatly increases the financial returns to be made. However, we also see the new environment as increasing the good that the team can do for society and the environment, and as a result we will continue to invest and research into new and better ways to control and prevent infections. These things together are extraordinarily motivating for the team and I believe will benefit all stakeholders in due course.

The new financial year has started very well and should deliver excellent results, marking a significant step in Byotrol's history as it moves towards being a sustainably profitable business. We currently see many opportunities and are constantly reviewing where we should best focus our efforts to maximise returns in the long-term.

The Board remains confident in our positioning and very optimistic for Byotrol's prospects.

John Langlands
Chairman

Strategic Report – Chief Executive Officer's Statement

For the year ended 31 March 2020

Dear Shareholder

The year in overview

We are pleased with the improvement in quality and reliability of income this year, with continued increase in trading income (product sales and multi-year royalty and commission) compared to our historic performance and a decrease in reliance on one-off income. This was a key target for the team this year and, with Medimark fully part of the Group, the portents are good for continuing this trend, although monetisation of technical development will remain a key part of our commercial model.

The Board was already pleased with progress of the Group prior to the coronavirus outbreak, with all major targets being met. The impact of the pandemic has accelerated and magnified the trends in our industry, greatly to our benefit, although the financial impact of this will only be seen in FY21. We remain confident that our strategy is the right one for the new world too.

The impact of coronavirus

Shareholders will be aware that our strategy is to take advantage of regulatory change in our markets in a similar way to many pharmaceutical and pesticide firms which went through similar industry change - by taking a very scientific approach to our industry and developing and commercialising unique, high-performance and trusted technologies that are approved (and then protected) under national and supra-national regulatory rules. We then seek to monetise those technologies by way of IP sale and alliances, license agreements and finished product sale, in both business and consumer markets.

We were already seeing the benefits of this strategy in late 2019 as weaker competition started to fade away and as larger customers became more rigorous on demanding data and regulatory support for product claims. We viewed this process as a slow-moving supply shock to the industry, favouring high quality science-led technologies. By early March 2020 it was becoming clear that coronavirus was an exceptionally dangerous virus with no current cure and would need multiple and extraordinary actions to prevent its spread and to deal with the consequences, many of which remain in place. This produced a large and immediate positive demand shock for our industry, especially for those companies with high performance anti-viral capability such as us. These two forces have together created a highly favourable business climate for Byotrol, which we have since been seeking to benefit from, in a calm, professional and ethical way.

Our team's initial focus was on satisfying demand from ultimate end users in emergency services and critical health services, then for all existing customers and then from new enquiries. In parallel with this we have been working on positioning for a post-coronavirus world, with less hype, but with more understanding of the importance of high-quality infection control and prevention products amongst individuals, governments and corporations worldwide.

Markets

Professional

Full year revenues increased to £5.19m from £2.71m and gross profit to £2.47m from £1.09m, including the first full year contribution from Medimark. Income from IP licensing and sales for the year was £0.78m. Gross margin for product sales in Professional across the enlarged Group declined slightly to 37%, though this improves substantially once 100% gross margin IP income is factored in.

With the full integration of Medimark staff and customers into the Group, we are now seeing encouraging growth in everyday healthcare-related areas for both animals (veterinary sector) and humans (community health), plus continued sales into facilities management, travel and leisure and into a limited number of long-standing food manufacturing customers.

Our product mix for finished goods remains focused on surface care products, representing 29% of sales in the year, but our alcohol-free hand sanitisers continue to grow rapidly, even more so since the pandemic started. We are considering range extensions in this area as we clearly have a valuable base proposition, good long term customers and an increasingly recognised brand '*Invirtu*'.

For markets where we are unable to compete effectively with our own resources, we have continued to enter into licensing agreements with high-quality partners, especially those able to manufacture products themselves. We completed two such agreements prior to year-end, one with Tristel plc, fellow infection control and prevention specialists, with an exceptionally strong business based on chlorine dioxide chemistries, and one with Advanced Hygienics LLP in the US. The Tristel agreement relates to three specific surface care technologies targeted for use in hospitals in UK and Ireland, two of which will be dispensed from Tristel's proprietary 'Cache' system of innovative packaging solutions. The agreement has a duration of 10 years, is exclusive in hospitals in the UK and Ireland and non-exclusive elsewhere and will pay to Byotrol a combination of product supply payments, royalties and fees, based on success but with meaningful minimum guarantee payments to Byotrol each year.

The agreement with Advanced Hygienics represented an extension of an existing alcohol-free hand sanitising agreement and introduced multi-year minimum guaranteed royalties. We understand this business has been performing well during the pandemic. All existing alliances - including the well-publicised agreement with Solvay - ran to expectations in the year under review and we remain hopeful that they will bear financial fruit for the Group during and post the pandemic.

Consumer

We have now combined our consumer and petcare activities into one team. Although the bulk of our resources this year were focussed on our Professional business, we continued to make progress in some new consumer initiatives, including the following:

- new petcare customer, Manna Pro UK, launched its first Byotrol surface care product, under leading stain and odour brand "Simple Solution" in the UK via retailers Pets at Home and Amazon

- established European partner Beaphar has introduced Byotrol surface care products into its UK range, completing the roll out plan for distribution throughout Beaphar's network

- Pets at Home, completed a range review on the small animal category, launching several new Byotrol products and approved the use of Invirtu hand sanitiser in stores and at head office for colleagues and the general public; and

- Byotrol entered the consumer floorcare category via two new partnerships with heritage British brand, Swan and RK Wholesale, under the licensed Tower brand. Byotrol formulations are used in conjunction with floorcare appliances to clean and sanitise carpets and floorcoverings with "better than leading brand" performance; further product launches are planned for 2020/21

Finally, Byotrol's alcohol-free hand sanitiser sales under Boots' own-brand were starting to increase significantly towards year end. This trend continued post year end and we expect to report substantial sales of this product in the new financial year.

Revenues from product sales increased to £0.88m from £0.79m in the previous year and gross profit also increased, to £0.42m from £0.36m as a result of an improved product mix. We did not generate any income from IP transactions or licenses in the consumer segment in the year under review.

Supply chain and regulatory environment

Prior to the coronavirus pandemic we had been working hard to improve our supply chain. We are pleased to report that this initiative has substantially reduced non-conformances and returns. As the pandemic took hold, the team has dealt with many extraneous shocks to the new processes and substantially increased despatch rates

The research and development team has also been working throughout the crisis, formally supporting coronavirus-specific product claims on top of their normal day-to-day responsibilities. We continue to research into natural-based anti-viral chemistries, of which extracts from seaweed is our leading contender.

The coronavirus pandemic has encouraged some new suppliers into our market, keen to make a quick return. We have seen several misleading product claim and commentaries, but we believe that increasing enforcement of regulation and product claims in our markets will lead to their removal in due course.

We continue to follow developments on Brexit very carefully and have taken all necessary steps to ensure there is minimal impact on our business, even in the event of no trade agreement between the UK and EU. With around 10% of our enlarged business comprising exports to the EU, newly imposed tariffs would probably have a modest impact on our performance in the short term.

Outlook

Post year end we completed two further IP agreements, with Integrated Resources LLP (who took out a license over Byotrol24 in the US) and SC Johnson Professional Limited in alcohol-free hand sanitisers, sold under the SC Johnson Professional brand. The latter is a multi-year license agreement focused on the UK and Irish health services, superseding a pre-existing, short-dated supply and manufacturing agreement. We expect the strength of our technology to lead to further such deals in the future.

For product sales the outlook for Byotrol is also highly positive. Sales have of course increased as a result of the coronavirus pandemic and will probably ease somewhat eventually, but it is clear to us that:

- business and consumers will now take more proactive responsibility for protecting individuals against infection risk, leading to sustained demand for anti-microbials, especially anti-virals
- there is now a further acceptance of the role of regulators as opinion leaders on safe and efficacious anti-microbial chemistries, for which we are well-positioned; and
- competitors with weaker performance chemistries continue to withdraw from our market in UK and Europe as regulations take hold, increasing opportunities for us, either organically or by selective acquisition

Byotrol has been positioning for such trends for many years and expects them to favour technologies like ours, presenting exceptional growth opportunities for the Group at home and abroad.

David Traynor
Chief Executive Officer

Strategic Report - Key Performance Indicators

For the year ended 31 March 2020

Introduction

The Directors consider that revenue and gross margin by product segment, adjusted EBITDA[3] and profit before tax, and the related margins as a percentage of revenue, are key performance indicators ("KPIs") in measuring Group financial performance. We track revenue as it is an indicator of the Group's overall size and complexity, gross profit as it is a primary indicator of the profitability of our products and services, and adjusted EBITDA as it is a key measure of the Group's effectiveness in converting revenue to earnings, excluding the effects of certain non-operational and/or exceptional transactions.

Key Performance Indicators

	2020	**2019**	***Growth****
Revenue	£6.07m	£5.66m	*7%*
Gross profit	£2.89m	£3.61m	*(20%)*
Gross profit margin	*48%*	*64%*	
*Trading gross profit margin***	*40%*	*41%*	
Adjusted EBITDA[4]	£0.26m	£1.08m	*(76)%*
Adjusted EBITDA margin[5]	*4%*	*19%*	
Cash generated from operating activities	(£0.46m)	£0.33m	
Net cash at year-end	£1.7m	£2.8m	

** Percentage figures are calculated on the basis of the underlying figures in £'000s and may not agree exactly to the figures presented in this table*
*** i.e. excluding royalty and licensing income and income arising from the sale of intellectual property*

Non- financial performance indicators

In addition to the financial KPIs, the Directors measure and monitor various non-financial KPIs such as:

- the timeliness and efficiency of the research and development team against project timelines and objectives
- OTIF (on time in full) logistics performance ensuring that customers are being delivered to on time and in full
- the maintenance of the Group's quality system and certification required for the design, manufacture and sale of products, including some medical devices

During the year, the Group underwent an audit of the Quality Management System and a number of desktop reviews. No major non-conformances were reported. The Company is compliant with the new versions of the following standards: ISO9001:2015; and MDSAP.

As the business develops the Board will consider adding, as appropriate, further KPIs to monitor progress against a broader range of objectives, including such matters as staff retention rates.

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[4] i.e. earnings before interest, tax, depreciation, amortisation and exceptional and other adjusting items – see Note 8

[5] i.e. adjusted EBITDA as a percentage of revenue

Strategic Report - Principal Risks and Uncertainties

For the year ended 31 March 2020

Introduction

Our aim is to recognise and address the key risks and uncertainties facing the Group at all levels of our business.

There are a number of risk factors that could adversely affect the Group's execution of its strategic plan and, more generally, the Group's operations, business model, financial results, future performance, solvency, or the value or liquidity of its equity. The Board is committed to addressing these risks by implementing systems for effective risk management and internal control.

The Board continually assesses the principal risks and uncertainties that could threaten Byotrol's business, business model, strategies, financial results, future performance, solvency or liquidity. The items listed below represent the known principal risks and uncertainties but does not list all known or potential risks and uncertainties exhaustively. Where possible, steps are taken to mitigate risks.

Principal risk	Mitigation
Regulatory and technology	
The industry in which Byotrol operates undergoes continual change reflecting technical developments as industry and government standards and practices change and emerge. The ability to continue to market the Group's products is inextricably linked to the Group's ability to achieve and maintain regulatory and legal approvals in those countries where the Group has a presence, in particular within Europe where the regulatory environment continues to change significantly. At the core of this change are the Biocidal Products Regulations, under which the European Union is intending to harmonise the market in Europe for biocidal active substances and products containing them. This means industry participants will be required to (a) register all their formulations with the EU and (b) use only active ingredients specifically approved by the EU authorities It is currently unclear the extent to which the UK will follow EU regulations in our industry post Brexit. It is likely that the rules will be very closely aligned, but not certain. This may increase complexity and cost for the Group as we prepare for all likely potential scenarios The Group's intangible asset base is founded upon its patent and regulatory approvals. Patent applications and approvals continue to be sought worldwide to protect the intellectual property portfolio. As the products are based upon existing approved biocides, regulatory issues are still complex but not as complex as with a newly-designed chemical compounds. The markets in which Byotrol operates are competitive and rapidly evolving. The Group's existing products may become less competitive or even obsolete if competitors introduce new products and/or customer behaviour or requirements change	The Group employs highly qualified senior management who monitor closely developments in technology that might affect its research capability and product evolution. The Group monitors regulatory risks regularly and makes extensive use of consultants and patent lawyers to ensure appropriate actions and protections. The Executive Board members, supported by senior managers and such specialist advisers, take responsibility for maintaining legal compliance New products and features are assessed against their target markets and in response to customer feedback. The Group's management is pro-active in responding to changing market conditions and sees the changes as an opportunity to build market share and benefit from consolidation within the biocides industry

Supply chain risk The Group's ability to continue to manufacture and supply its products in a timely manner is a prerequisite to maintaining its sales growth rate, gross margin and profitability. This area of risk is kept under constant review, including identifying multiple routes of supply for key materials and services related to the production of the Group's products. The Group's supply chain has recently been placed under considerable stress with the pandemic and has coped extremely well and emerged from that stronger. This has highlighted the need to continue to establish relationships and build volume with higher quality manufacturers, something which was started 3 years ago. It is recognised that a significant disruption to the supply chain could significantly threaten Byotrol's ability to do business, particularly in the short term, and could result in significant financial loss	Agreements with new hand hygiene and surface sanitiser manufacturers have been initiated and a new distribution company is in place. The Group has promoted key people internally specifically to take responsibility for the supply chain, and continues to keep the situation under close review
Attracting and retaining skilled people Attracting and retaining the best skilled people at all levels of the business is critical. This is particularly the case in ensuring we have access to a diverse range of views and experience and in attracting specific expertise at both managerial and operational levels where the market may be highly competitive. Failure to attract new talent, or to develop and retain the Group's existing employees, could impact the Group's ability to achieve the Group's strategic growth objectives. As we continue to grow and diversify into new areas, this risk will continue to be a focus for the Board	Our business model has created a pipeline of opportunities for staff at every level of the business. This will continue to be the case as the Group develops. The Group's focus on competency at all levels of the business continues to ensure that we develop the Group's people and enable them to successfully manage the changing profile of the Group's business. Incentive programmes are also in place to ensure that key individuals are retained
Economic, international trade and market conditions The Group is generally exposed to economic, trade and market risk factors, such as global or localised economic downturn, changing international trade relationships, foreign exchange fluctuations, consolidation or insolvency of existing or prospective customers or competitor products, all of which could threaten Byotrol's performance and prospects	Mitigation against the short-term impact of such risks is provided through a large spread of customers to whom we sell a diverse product range. Byotrol's margins provide a level of protection against volatile economic or market conditions and our policy of ongoing product development helps us to maintain our competitive advantage

Credit risks	
The Group’s principal financial assets are cash and receivables. Credit risk is primarily attributable to its trade receivables, which are diversified across a large number of mostly low value customer accounts (with a few exceptions where the Group has entered into long-term arrangements with purchasers or licensees of IP). In addition, operations in new markets may have a higher than average risk of political or economic instability, and may carry increased credit risk In each case the risk to the Group is its ability to collect its debts	Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The credit risk on trade and other receivables is managed by agreeing appropriate payment terms with customers, obtaining credit agency ratings of all potential customers; by requiring where appropriate payment for goods in advance; and by closely monitoring customer balances due to ensure they do not become overdue. In addition, careful consideration is given to operations in new markets before the Group enters that market The Group did not enter into derivative transactions during the year. It is the Group’s policy that no speculative trading in financial instruments will be undertaken
Liquidity risks	
Fluctuations in working capital may leave the Group with inadequate cash resources to fund its operations	Group cash balances are monitored on a weekly basis to ensure that the Group has sufficient funds to meet its needs. Cash flow forecasts are generated and reviewed regularly by management The Directors have prepared projected cash flow information for the coming year. The projections take into account the business opportunities highlighted in the Chief Executive’s Statement, the timing and quantum of which will affect the Group’s cash requirements, which are continually monitored by the Board. The projections also include sensitivities for risks arising from COVID-19. On the basis of these projections, the Group has sufficient working capital facilities for the foreseeable future

Impact of Brexit The United Kingdom ("UK") formally left the European Union ("EU") on 31 January 2020. The UK is now in a transition period, being an intermediary arrangement covering matters like trade and border arrangements, citizens' rights and jurisdiction on matters including dispute resolution, before new rules come into place from 1 January 2021. Ahead of this date, negotiations are ongoing to determine and conclude a formal agreement between the UK and EU, on the aforementioned matters The Group both sells into, and sources from the European Union and it has closely considered the potential outcomes, at the time of and after the end of the transition period. The key risk has been highlighted as continuity of supply, which is principally linked to the Group's ability to maintain cross border supply of good, plus the impact upon our prices (and therefore on demand) on pricing of any new tariffs on our sales into the EU or on sales into non-EU countries where the UK no longer falls under the umbrella of an existing EU trade agreement	Close collaboration and communication between the UK manufacturing arm of the business and its in-house and third-party EU distribution channels is in place to ensure that inventory levels will provide a buffer to potential supply chain delays Should tariffs be imposed on our product sales into Europe, we will consider setting up an EU office and outsourcing some manufacturing to EU-located suppliers. The majority of the Group's products are relatively straightforward to manufacture.
Coronavirus/COVID-19 COVID-19 is a novel illness caused by a specific virus which is part of the coronavirus family. The World Health Organization announced in March 2020 that COVID-19 is a pandemic, and many countries have imposed, and continue to impose, restrictions on travel and other day-to-day business and social interactions which have curtailed, in some cases severely, economic activity in those countries with consequent impact on countries and companies trading with them. Such consequences may adversely affect the Group's operations and/or ability to manufacture or sell its products	The Group has diversified its sales, both in terms of customer type and geography, which have in any event largely benefited from the enhanced hygiene requirements arising from the coronavirus pandemic. In response to the stresses caused by increased volume of business, the Group has put in place more robust supply chain operations, and with the financial security afforded by the positive impact to date from coronavirus, is well placed to deal with any negative effects

Strategic Report – Financial Review

For the year ended 31 March 2020

Introduction

Our results for the year show further success in monetising the Group's proprietary technologies as well as continuing progress in the product side of the business. The latter has benefited from a full year contribution from the Medimark business (acquired in August 2018) which diversified the Group's product range and brought a significant new customer base. Furthermore, following the renegotiation and acceleration in January of earnout payments potentially due in respect of that acquisition, the various businesses within the Group are now fully aligned and well-placed to benefit from cross-product selling opportunities as well as cost savings and other efficiencies in the supply chain. Clearly the Group has experienced significantly increase sales volumes since the outbreak of coronavirus (which was declared as a pandemic by the WHO on March 11); however, this increase did not materially affect the results for FY20.

Income Statement

Revenue

As part of the continued evolution of the Group we have simplified our reporting segments into two: Professional (Byotrol and Medimark products for use within businesses and institutions) and Consumer (Byotrol and Medimark products for individual consumers, including their pets):

Professional

Revenues increased to £5.19m from £2.71m, with gross profit increasing from £1.09m to £2.47m. Included in the FY20 figure is £0.78m of royalty and licensing income (2019: nil). Excluding this, revenue from this division increased by around 63%, reflecting both a full year contribution from Medimark (against a seven month contribution in the comparable period) as well as increased demand for our surface care products and hand sanitisers.

Consumer

Total revenue in the Consumer segment decreased to £0.88m from £2.95m; however, included in the FY19 figure is £2.16m of income from royalties, licensing and the sale of intellectual property – revenue from product sales in this division increased by around 11%, due to both new customers as well as increasing sales from existing customers.

Finance income

In addition to the above, notional finance income arose from the imputed cost of funds on long-term contracts (£33,000 in 2020; 2019: £20,000). This has been added back to adjusted EBITDA in the calculation set out in Note 8.

Cost of sales

Cost of sales of £3.18m (2019: £2.06m) represents the direct manufacturing costs of products and the cost of logistics (warehousing, transport etc). Given the mix of Byotrol's activities, gross margin across the sales mix is not a particularly meaningful measure of performance and is better considered on a segmental by product basis. In the Professional segment (excluding royalties, IP etc.), the gross margin declined slightly to 37%. For the Consumer business (again excluding royalties, IP etc.) the gross margin increased to 48% (2019: 45%). In the absence of other factors, we would expect gross margins across the business to benefit in due course from the greater scale and pricing power of the Group as enlarged by the acquisition of Medimark, as well as an increasing rationalisation of the product portfolio; however, with the constraints on the supply chain resulting from the impact of the coronavirus pandemic we have seen some pressure on gross margins over the course of FY21 to date, albeit we expect this effect to be short-term.

Overhead expenses and research and development

The acquisition of the Medimark business brought some 13 additional staff and management and FY20 shows the full year effect of this, with an increase from £2.73m to £2.96m. Of this, some £1.59m (2019: £1.53m) related to staff costs. Given the improving financial performance of the business, we intend to target investment in our staff and the infrastructure of the business to support high quality products, a high level of customer service and to provide a strong, scalable platform for continued organic growth.

Expensed research and development costs remained broadly constant at £0.41m (2019: £0.44m). The Group continues to invest in the research and development of further anti-microbial products and has 9 employees in its research and development department. Furthermore, the Group continues to collaborate with respected research institutions (typically universities) to supplement the internal resource. This continued investment is essential for the maintenance of the Group's market position and for future growth.

Exceptional items

Exceptional items of £0.38m in 2020 comprise principally the gain relating to the adjustment of liabilities arising from the renegotiation of the potential earnout payment in respect of the acquisition of Medimark, which renegotiation resulted in a payment of approximately £290,000 in cash and the issue of 9.4m new Ordinary shares in full and final settlement of the potential amounts outstanding under the terms of the sale and purchase agreement. This reduced the aggregate payment made in respect of the acquisition to approximately £2.76m and a gain of £0.44m arose based on the elimination of the liability recognised at the last reporting date after taking into account the cost of unwinding the discount to that date.

Finance income and expense

Finance income arises both from interest receivable on interest-bearing deposits as well as notional interest arising on contracts with a "Significant Financing Component" as defined by IFRS 15. The increase in the latter from £20,000 to £33,000 relates principally to a full year of finance income accruing on the Solvay contract, the revenue for which was recognised in FY19.

Finance expense of £0.13m (2019: £0.08m) comprises mainly the non-cash cost of amounts arising from the discounting of liabilities related to contingent consideration relating to the acquisition of Medimark to their expected value at the relevant reporting date. The balance comprises cash interest on the Group's factoring facility, bank charges and an element of lease expenses now recognised as interest under IFRS 16. As noted above, the renegotiation and acceleration of potential earnout payments due in respect of the Medimark acquisition has eliminated the liabilities recognised and hence no further finance expense will accrue. In addition, given the improving cash flow of the Group, the usage of the factoring facility has been considerably reduced in FY21, and we would expect limited, if any, further use assuming trading conditions remain favourable.

Implementation of IFRS 16

The Group adopted *IFRS 16 Leases* for the financial year ending 31 March 2020 and chose to use the modified retrospective approach to adoption which means there are no restatements to the prior year figures. IFRS 16 introduces a single lessee accounting model, whereby the Group recognised lease liabilities and "right of use" assets at 1 April 2019 for leases previously classified as operating leases. Within the income statement rental expense is replaced by depreciation and interest expense.

The Group has very few operating leases which fall under IFRS 16 (one property lease and a small number of vehicle leases). The adoption of IFRS 16 has resulted in the recognition of aggregate right of use assets of £69,000 with corresponding liabilities of £70,000 as at 31 March 2020. The effect on net profit is negligible; however. in order to allow users of the accounts to see how the impact of IFRS 16 has affected adjusted EBITDA, we present a reconciliation below:

	Adjusted EBITDA Year to 31 March 2020 £'000	**Adjusted EBITDA Year to 31 March 2019 £'000**
Consistent with FY 2019 presentation and accounting policy	216	1,079
Changes due to IFRS 16	42	-
Consistent with FY 2020 presentation and accounting policy	**258**	**1,079**

Profitability

Adjusted EBITDA decreased by 76% in the year to £0.26m (2019: £1.08m), this fall being due largely to the £1.93m income from IP sales recognised in FY19 compared to similar income of £0.78m in FY20. Similarly the Group made a pre-tax loss of £43,000 (2019: £0.34m profit). After a tax credit of £0.38m (2019: £11,000) this resulted in statutory EPS of 0.08p (2019: 0.08p) and 0.06p on an adjusted basis (2019: 0.16p).

Taxation

Taxable profits arising in the year to 31 March 2020 were wholly off-settable against tax losses brought forward and accordingly no taxation was payable. Significant tax losses remain available to the Group; historically the Group has not recognised any deferred tax asset on these losses due to the unpredictability of the timing of future profit streams. Given the significant improvement in the trading position of the Group, the Board reassessed the appropriateness of recognising such an asset on the basis of forecast profits against which the losses can be offset and now consider it appropriate to recognise losses incurred to date as a deferred tax asset. Accordingly a deferred tax asset of £0.43m has been recognised (2019: £nil)

A tax credit also arises from the amortisation of a deferred tax liability relating to the intangible assets acquired as a result of the acquisition of Medimark.

Statement of Financial Position

Goodwill and other intangible assets

Goodwill, customer relationships and brands

The intangible assets acquired as part of the Medimark Acquisition comprised principally customer relationships, various brands, as well as other IP relating to the capitalised value of efficacy testing and other relevant licensing activities. Net of accumulated amortisation for the year, the net book value of the customer relationships and brands acquired was approximately £2.04m at the year end (2019: £2.28m). Goodwill arising on acquisition was £0.50m, which remains unchanged.

Development costs

Development costs represent the capitalised value of work undertaken (either internally or externally by appropriate consultants) to develop and protect patents, know-how and other similar assets when they pass the criteria for capitalisation under the Group accounting policy. The amortised balance at 31 March 2020 was £0.94m (2019: £0.85m) after capitalised expenditure of £0.25m and impairment of £0.16m.

Patents and licenses

The Group continues to protect its IP by registering patents when relevant. Following expenditure of £46,000 and amortisation of £61,000, the book value of such patents and licenses was £0.22m (2019: £0.23m).

Property, plant and equipment

Expenditure of £24,000 on property, plant and equipment relates principally to £21,000 (2019: £20,000) spent on laboratory equipment to support the needs of the business. Depreciation in the year amounted to £28,000 (excluding amounts relating to Right-to-Use assets now recognised under IFRS 16) (2019: £24,000); as a result the aggregate net book value of property, plant and equipment remained broadly constant at £54,000 (2019: £58,000).

Inventories

Inventories comprise raw materials, work in progress and finished goods held at the Group's third-party contract manufacturers for sale to customers. Total inventory held at the year end fell from £0.42m in 2019 to £0.29m in 2020, principally as a result of the sales upturn in the last month of the year referred to above. Given the rapid turnover of inventory, write offs in the year were minimal.

Trade receivables

Trade receivables arising from product sales increased significantly to £1.22m (2019: £0.93m), largely due to the sharp upturn in sales experienced in the last month of the year in the then early stages of the coronavirus pandemic.

Trade receivables also arise for the Group where the consideration for the sale or license of IP (on a "right to use" basis) is structured as a series of fixed sums payable over several years. Usually there are sales-based royalties over and above these fixed sums; however, these are recognised in the period that they arise – the fixed sums are recognised on the transfer of the IP at their present value (as discounted at an imputed cost of funds). Amounts recognised in the year relating to such transactions amounted to £0.78m, arising from new and amended contracts with various partners both domestically and internationally, including the licence and product supply agreement with Tristel plc announced on 23 March 2020 (2019: £1.93m relating solely to the sale of certain IP to Solvay). Of the total trade receivables relating to IP transactions, £0.55m was due in one year (of which £0.30m was the result of a deferred income payment due on 31 March but received on 1 April) (2019: £0.28m) and £0.71m was due after one year (£0.18m). Of this balance, £0.32m was due to be collected within 2-5 years and £0.39m after 5 years (2019: £0.18m and £nil respectively).

The Group has stringent credit control policies and will not contract with customers who present an undue credit risk. In addition, the Group may request pro forma (i.e. advance) payments from new customers or existing customers who wish to increase the volume of business they do with the Group above a pre-agreed credit limit. As a result, the impairment charge for the year was minimal at £35,000 (including the expected credit loss provision required by IFRS 9 of £25,000) (2019: £41,000).

Trade and other payables

Trade payables fell slightly in the year from £0.84m to £0.83m whilst accruals and deferred income rose slightly from £0.31m to £0.37m. Within this figure is a reduction in accrued expenses offset by an increase in deferred income as the Group required customers to pay upfront for increased (or new) order volumes.

Other financial liabilities

Other financial liabilities in 2019 comprised amounts recognised in regard to contingent payments potentially due in respect of the Medimark Acquisition. As a result of the renegotiation referred to above, these were eliminated and hence the balance at 31 March 2020 was nil.

Statement of Cash Flows

Cash flow and financing

Operating cash outflow for the year was £0.46m (2019: £0.33m inflow), albeit that £0.3m of this difference was due to a single payment relating to an IP sale which was received one day after the year end and thus appeared in working capital. Expenditure capitalised as development of intangible assets was broadly consistent with the previous year (2020: £0.30m; 2019 £0.28m), as was expenditure on tangible assets (2020: £24,000; 2019 £23,000). As detailed further in Note 7, the renegotiation and resulting acceleration of the payments due to the vendors of Medimark resulted in a cash outflow of £0.29m in final settlement of the obligations resulting from this acquisition. As a result of these cash flows, gross cash fell from £2.80m at the end of 2019 to £1.71m at the end of 2020 (£2.01m as adjusted on a pro forma basis for the payment referenced above). The Group continued to make use of its invoice discounting facility in the year, drawdown on which rose from £0.25m to £0.30m at the year end.

Summary

The Group finished the year in sound financial health, with no further liabilities due in respect of the Medimark acquisition and with only modest debt. Our continuing investment in intellectual property, enhanced by the trading relationships acquired as part of the Medimark acquisition, positioned us well for the considerable upturn in demand at the very end of the year which has continued to date with a corresponding strengthening of our financial position.

Nic Hellyer
Chief Financial Officer

12 October 2020

The Strategic Report was approved by the Board of Directors on 12 October 2020

On behalf of the Board

David Traynor	**Nic Hellyer**
12 October 2020	12 October 2020

Executive Directors

David Traynor - Chief Executive Officer

In his early career David spent 15 years in investment banking, working in a broad range of corporate finance roles at CS First Boston, UBS and Lehman Brothers, before moving to WhatIf Ventures, the investment arm of the innovation company WhatIf, in 2003. Here he specialised in commercialising new products in markets including pensions, high street retail, fast food and industrial plastics.

Prior to becoming CEO at Byotrol, David ran Byotrol Consumer Products (BCP) from its inception in 2007 as part of his partnership role at WhatIf Ventures, moving to full time in early 2013. He led BCP to profitability in 2011 and then to the full acquisition by Byotrol plc in October 2013. David was appointed to the Board of Byotrol plc as an executive Director in 2013. He is also part time non-executive Chairman of Void Technologies Limited, a venture capital-backed polymer technology company which he co-founded before joining the board of Byotrol.

David has an MBA from London Business School and a BA from Oxford University.

Dr Trevor Francis - Chief Technology Officer

Trevor is a former Vice President of Global R&D at Unilever with over 28 years in the Consumer Goods industry. His multi-national experience working in various roles in Research and Development and previously in Manufacturing saw him lead a number of new innovations in Homecare that were successfully commercialised in various regions.

Trevor left Unilever in 2005 and established his own technology consultancy company. This in turn led him to work with Byotrol where he has worked in a number of different roles before being appointed to the Executive Board in 2014.

Trevor has a Doctorate in Applied Chemistry from Queen's University of Belfast and prior to joining Unilever as a management trainee, he carried out post-doctoral research at DWI Aachen, Germany.

Nic Hellyer, FCA - Chief Financial Officer

Nic is a Chartered Accountant who brings extensive board level experience from his 25 years in investment banking, the majority of which he spent at UBS and HSBC, advising on a wide range of transactions including public takeovers, private M&A, IPOs and other equity fund raisings. He is also part-time CFO of Pelatro, a marketing software company which is also quoted on AIM.

Nic has a B.Sc. (Joint Honours, First Class) from King's College London.

Nic was appointed to the Board in May 2019.

Non-executive Directors

John Langlands – Chairman(i)(ii)

From 2003 to 2016 John was Chief Executive of British Polythene Industries ("BPI"), one of the largest polythene film producers in Europe. Following a period of successful growth, BPI was acquired by RPC Group in August 2016.

John had joined BPI in 1994 as Finance Director after similar roles at Eclipse Blinds, Scottish Enterprise and United Wire Group. John was appointed as the Non-executive Chairman of Byotrol in February 2017.

He has served on various committees for the Institute of Chartered Accountants of Scotland, the London Metal Exchange and the Bank of England.

John has an LLB from Dundee University and Qualified as a Chartered Accountant in 1976 with KPMG.

Sean Gogarty (i)(ii)

Sean has a wealth of experience developing and running branded businesses, gained particularly from a 20-year career at Unilever, where his roles included Global CEO Unilever Baking, Cooking and Spreads, and Global Category SVP Household Cleaners. In the latter role, he led the rapid growth of a number of well-known household brands, including Domestos, Cif, Lysoform and Sunlight, from a sales value of E800m to over E2.5bn.

Having started his career in the media sector before moving into industry, Sean also has a strong track record of advising a range of leading PE firms and companies on developing business strategies, brand portfolio plans, organisational structures and supply chain strategies.

Sean was appointed to the Board of Byotrol in January 2019.

Dr Till Medinger (i)(ii)

Till was appointed to the Board of Byotrol as a non-executive Director in 2009. Formerly Senior Vice President for Corporate Strategy at AstraZeneca Plc, prior to that Till had a long and distinguished career with Zeneca and ICI Pharmaceuticals, directing business and marketing operations internationally and overseeing the launch of several global blockbuster products.

He is a past President of the Association of the British Pharmaceutical Industry and has many years international industry experience, serving on the Boards of both the European and the International Pharmaceutical Industry Federations. He has also served on the Board of the Chemical Industries Association. Till is currently Chairman of Antikor Biopharma.

Till has a Doctorate in Chemistry from Oxford University.

(i) Member of Audit Committee
(ii) Member of Remuneration Committee

Corporate Governance Review

For the year ended 31 March 2020

Statement of compliance with the 2018 QCA Corporate Governance Code

Chairman's introduction

High standards of corporate governance are a key priority for the Board of Byotrol and, in line with the London Stock Exchange's changes to the AIM Rules requiring all AIM-quoted companies to adopt and comply with a recognised corporate governance code, the Board has adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework. It is the responsibility of the Board to ensure that the Group is managed for the long-term benefit of all shareholders and stakeholders, with effective and efficient decision-making. Corporate governance is an important aspect of this, reducing risk and adding value to the Group's business.

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. The Board considers that it has complied with the principles of the QCA Code.

John Langlands
Non-Executive Chairman

QCA principles

SECTION 1: DELIVER GROWTH

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

Our strategy is discussed further in the Chief Executive's statement. As evidenced by continuing progress in winning contracts from new customers as well as new business from existing customers, Byotrol has an increasing reputation in the biocide and infection control industry. To deliver this growth and hence promote long-term value for shareholders, the Board has established a clear business model encompassing (a) development and ownership of differentiated antimicrobial technologies; and (b) monetisation of those technologies by way of product sales, licenses and commercial alliances. It has identified the following key areas of operation to focus on improving on the Group's performance:

- a sales strategy, which encompasses all critical areas progressively to open up new vistas and enable the Group to address larger market opportunities while positioning it as a key player in its chosen space; and

- a selective acquisition-led growth strategy where and when appropriate to expand the business model

The chief internal challenges in executing the business model are (i) ensuring quality and timely supply of our products to customers, which we do through regular audits of our manufacturing base; and (ii) ensuring regulatory approval for our products, which we maintain through use of consultants as well as dedicated internal resource. The main current external risks are Brexit and the coronavirus pandemic, both of which we comment on in the Chief Executive's statement, and general macro-economic conditions as they impact our sector, which we review as part of regular leadership meetings. Chief financial risks (which if not controlled will limit growth) are managed via (i) ongoing credit analysis of counterparties (ii) regular review of aged debtors and creditors and (iii) weekly monitoring of Group cash balances. The Company always seeks to maintain a strong capital base to enhance investor, creditor and market confidence.

Principle 2: Seek to understand and meet shareholder needs and expectations

Introduction

The Company remains committed to listening to and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what analysts and investors think about us, and in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market. We do so via investor roadshows and our regular reporting.

Institutional shareholders

The Directors actively seek to build a relationship with institutional shareholders. Shareholder relations are managed by the CEO and CFO who make presentations to institutional shareholders and analysts each year immediately following the release of the full-year and half-year results. The Non-executive Chairman is also available to meet investors if required.

Private shareholders

Shareholders are encouraged to attend the annual general meeting ("AGM") at which the Group's activities and results are considered, and questions answered by the Directors. The AGM is the main forum for dialogue with such shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the Board and all committees, together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are subsequently published on the Company's corporate website.

Analyst research

The Board is aware that following the introduction of the Markets in Financial Instruments Directive II (MiFID II) regulations at the start of 2019, private investor access to research on public companies has been restricted. We have not commissioned any "paid for" research from third party analysts and have no current intention of doing so. The Company's broker, finnCap Limited, produces research on the Group which is generally available free of charge from their internet portal, linked via the "Investors" section of the Group website.

Report and accounts

The Board has ultimate responsibility for reviewing and approving the Annual Report and Accounts and it has considered and endorsed the arrangements for their preparation, under the guidance of its audit committee. The Directors confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Board

At every Board meeting, the CEO and CFO provide a summary of the content of any engagement they have had with investors to ensure that major shareholders' views are communicated to the Board as a whole. The Board is also provided with brokers' and analysts' reports when published. This process enables the Chairman and the other non-executive Directors to be kept informed of major shareholders' opinions on strategy and governance, and for them to understand any issues or concerns.

The non-executive directors are available to discuss any matter stakeholders might wish to raise, and the Chairman attends meetings with investors and analysts, as well as professional advisers, as required.

Investors may also make contact requests through the Company's broker, finnCap Limited.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for longer-term success

To be successful in the antimicrobial markets, with our technically oriented business model, the Company needs to ensure its employees are working effectively together with undisputed scientific expertise, undoubted ethics and recognition of our broader stakeholder and social responsibilities. Biocides can cause damage to society and to the environment if used incorrectly, which in turn will limit the success of our business.

Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and our business, and to enable the Board to understand and consider these issues in decision-making.

Employees

Aside from our shareholders, suppliers and customers, our employees are one of our most important stakeholder groups and the Board therefore closely monitors and reviews the performance and satisfaction of our employees through regular dialogue and a regular appraisal programme as well as other feedback it receives to ensure alignment of interests.

The Group believes that having empowered and responsible employees who display sound judgment and awareness of the consequences of their decisions or actions, and who act in an ethical and responsible way, is key to the success of the business.

Corporate social responsibility

The Group recognises the increasing importance of corporate social responsibility and endeavours to take it into account when operating its business in the interests of its stakeholders, including its investors, employees, customers, suppliers, business partners and the communities where it conducts its activities.

The operation of a profitable business is a priority and that means investing for growth as well as providing returns to its shareholders. To achieve this, the Group recognises that it needs to operate in a sustainable manner.

The Group aims to conduct its business with integrity, respecting the different cultures and the dignity and rights of individuals in the countries where it operates. The Group supports the UN Universal Declaration of Human Rights and recognises the obligation to promote universal respect for and observance of human rights and fundamental freedoms for all, without distinction as to race, religion, gender, language or disability.

Customers

The Group encourages feedback from its customers through engagement with individual customers throughout a project. Despite the number of customers having more than doubled in the past year, the overall number of customers means that there is regular interface with customers and their needs are appreciated.

Health and safety

The Directors are committed to ensuring the highest standards of health and safety, both for employees and for the communities within which the Group operates. The Group seeks to exceed legal requirements aimed at providing a healthy and secure working environment to all employees and understands that successful health and safety management involves integrating sound principles and practice into its day-to-day management arrangements and requires the collaborative effort of all employees. All employees are positively encouraged to be involved in consultation and communication on health and safety matters that affect their work.

Environment

The Directors are committed to minimising the impact of the Group's operations on the environment. The Group recognises that its business activities have an influence on the local, regional and global environment and accepts that it has a duty to carry these out in an environmentally responsible manner. It is the Group's policy to endeavour to meet relevant legal requirements and codes of practice on environmental issues so as to ensure that any adverse effects on the environment are minimised.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Board, with the assistance of the Audit Committee, maintains a system of internal controls to safeguard shareholders' investment and the Group's assets, and has established a continuous process for identifying, evaluating and managing the significant risks the Group faces.

The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Group and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function.

Further details of the principal risks faced by the Group, together with their potential impact and the mitigation measures in place, are set out in the section on "Principal risks and uncertainties" in this Annual Report. The Board believes these risks to be currently the most significant with the potential to impact the Group's strategy, financial and operational performance and ultimately, its reputation.

The Board considers risk to the business on an ongoing basis and the Group formally reviews and documents the principal risks at least annually. Both the Board and senior management are responsible for reviewing and evaluating risk and the executive Directors meet on a regular basis to review ongoing trading performance, discuss budgets and forecasts and any new risks associated with ongoing trading, the outcome of which is reported to the Board.

SECTION 2: MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

Principle 5: Maintain the Board as a well-functioning balanced team led by the Chair

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. The current Board structure comprises the Non-Executive Chairman, the Chief Executive, the Chief Technology Officer, Chief Financial Officer and two Non-Executive Directors. The biographies of all serving Directors appear above. Till Medinger has served as a Non-Executive Director for more than 10 years, but any independence threat posed by this long association is mitigated by more recent appointments of other directors.

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered.

The Board has a formal schedule of matters reserved to it and meets at least quarterly in person and monthly by conference call. It is responsible for overall Group strategy, approval of major capital expenditure projects and consideration of significant financing matters. The Chairman, John Langlands, is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the Directors receive accurate, timely and clear information. The Chairman also ensures effective communication with shareholders and facilitates the effective contribution of the other Non-executive Directors. The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board and Committee meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The attendance of the Directors at scheduled board and committee meetings during the year was as follows:

Director	Board	Audit	Remuneration
Trevor Francis	6/6	*n/a*	*n/a*
Sean Gogarty	5/6	4/4	1/1
Nic Hellyer	5/5	*n/a*	*n/a*
John Langlands	6/6	4/4	1/1
Till Medinger	6/6	4/4	1/1
David Traynor	6/6	*n/a*	*n/a*

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

The Board currently comprises three executive and three non-executive Directors, including the Chairman, with an appropriate balance of sector, financial and public market skills and experience. The skills and experience of the Board are set out in their biographical details above. The experience and knowledge of each of the Directors gives them the ability constructively to challenge the strategy and to scrutinise performance. The Board also has access to external advisers where necessary.

Executive and non-executive Directors are subject to re-election intervals as prescribed in the Company's Articles of Association. At each Annual General Meeting one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election. The executive directors are employed under service contracts requiring 6 months' notice (by either party). The non-executive directors and the Chairman receive payments under appointment letters which are terminable on three months' notice.

The Board encourages the ownership of shares in the Company by executive and non-executive Directors alike and in normal circumstances does not expect Directors to undertake dealings of a short-term nature. The Board considers ownership of Company shares by non-executive Directors as a positive alignment of their interest with shareholders. The Board will periodically review the shareholdings of the non-executive Directors and will seek guidance from its advisers if, at any time, it is concerned that the shareholding of any non-executive Director may, or could appear to, conflict with their duties as an independent non-executive Director of the Company. Directors' emoluments, including Directors' interests in shares and options over the Company's share capital, are set out in Note 11.

The Board currently meets at least 6 times a year. It has established an Audit Committee and a Remuneration Committee. The Board does not have a formally established Nominations Committee. All matters concerning the appointment and removal of Directors, and for Executive and Non-Executive Director succession planning are considered by the full Board (with any appointments subject to a shareholder vote at the following Annual General Meeting)

Throughout their period in office the Directors are continually updated on the Group's business, the industry and competitive environment in which it operates and other changes affecting the Group by written briefings and meetings with the executive Directors. They are reminded by the Company Secretary of these duties and are also updated on changes to the legal and governance requirements of the Group, and upon themselves as Directors, on an ongoing and timely basis.

The Board considers that it has an appropriate blend of sector, financial and public markets experience and personal skills and capabilities to enable it to deliver its strategy. Three members of the Board have been involved in the consumer product sector for many years and two of the directors have significant public markets experience. Directors attend trade events and seminars to ensure that they remain up to date with current developments.

The Company has adopted a code for directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and which is in accordance with Rule 21 of the AIM Rules and the Market Abuse Regulations.

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

The performance of individual Executive Directors is reviewed not less than once a year by the Remuneration Committee (by reference to their general contribution). The Chairman monitors the performance of individual Non-Executive Directors, who themselves may feed back to the CEO with any concerns regarding the Chairman. Throughout, each Director has access to the Company's nominated adviser (who in turn may provide feedback on the Board as a whole or individual Directors).

At this stage of the Group's development there are no formal systems of appraisal of Board members. When the Group's size and resources justify it, such appraisal systems will be implemented. Regard is also given to the views of key shareholders and other stakeholders as appropriate.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Group adopts a policy of equal opportunities in the recruitment and engagement of staff as well as during the course of their employment. It endeavours to promote the best use of its human resources on the basis of individual skills and experience matched against those required for the work to be performed. The Board is committed to embodying and promoting a sound corporate culture and has endorsed various policies which require ethical behaviour of staff and relevant counterparties (such as those mandating anti-corruption, anti-counterfeiting, fair treatment and equality of opportunity).

The Group recognises the importance of investing in its employees and, as such, the Group provides opportunities for training and personal development and encourages the involvement of employees in the planning and direction of their work. These values are applied regardless of age, race, religion, gender, sexual orientation or disability.

The Group recognises that commercial success depends on the full commitment of all its employees and commits to respecting their human rights, to provide them with favourable working conditions that are free from unnecessary risk and to maintain fair and competitive terms and conditions of service at all times.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Chairman is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the Directors receive accurate, timely and clear information. The Chairman also ensures effective communication with shareholders and facilitates the effective contribution of the other non-executive Directors. The CEO is responsible for the operational management of the Group and the implementation of Board strategy and policy. By dividing responsibilities in this way, no one individual has unfettered powers of decision-making.

There is a formal schedule of matters reserved for decision by the Board in place which enables the Board to provide leadership and ensure effectiveness. Such matters include business strategy and management, financial reporting (including the approval of the annual budget), Group policies, corporate governance matters, major capital expenditure projects, material acquisitions and divestments and the establishment and monitoring of internal controls.

The appropriateness of the Board’s composition and corporate governance structures are reviewed through the ongoing Board evaluation process and on an ad hoc basis by the Chairman together with the other Directors, and these will evolve in parallel with the Group’s objectives, strategy and business model as the Group develops.

Beneath the Board, there is an operational governance framework via the Operating Board (overseen by the Executive Directors) which facilitates the effective management of the business. This organisational structure is kept under continual review and evolves as the needs of the business change as it grows and develops.

Board committees

The Board has established Audit and Remuneration Committees.

The Audit Committee’s prime task is to review the scope of external audit, to receive regular reports from the Group's auditors and to review the half-yearly and annual financial statements before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Committee acts as a forum for discussion of internal control issues and contributes to the Board’s review of the effectiveness of the Company’s internal control and risk management systems and processes. The Committee has considered the need for an internal audit function and has concluded that, at the present time, no such function is necessary. This will be reviewed on a regular basis. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work and discusses the nature and scope of the audit with the external auditor.

The Committee, comprising the Non-Executive Directors and chaired by Till Medinger, meets at least two times per year and provides a forum for reporting by the Group’s external auditor. Meetings are also attended, by invitation, by the Executive Directors.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 9 to the financial statements.

The Remuneration Committee, comprising the Non-Executive Directors, is responsible for making recommendations to the Board on the Group's framework of Executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the Non-Executive Directors on the recommendation of the Chief Executive. The Remuneration Committee comprised John Langlands (Chairman), Till Medinger and Sean Gogarty. The report on Directors' Remuneration is set out in Note 11.

The terms of reference of each Committee can be downloaded from www.byotrol.com

SECTION 3: BUILD TRUST

Principle 10: Communicate how the Group is governed and is performing

The Group values its dialogue with both institutional and private investors. Effective two-way communication with fund managers, institutional investors and analysts is actively pursued and this encompasses issues such as performance, policy and strategy. During the period the Directors had meetings with institutional investors whose combined shareholdings represented over 60% of the total issued share capital of the Group.

Private investors are encouraged to participate in the Annual General Meeting at which the Chief Executive Officer and Chief Financial Officer present a review of the results and comment on current business activity. The Chairmen of the Audit and Remuneration Committees also attend the Annual General Meeting to answer shareholder questions.

Companies Act 2006 s. 172 statement

The Board acknowledges its responsibilities under the Companies Act 2006 (the "Act") and below sets out the requirements of the Act and in particular section 172(1), and the key processes and considerations that demonstrate how the Directors discharge their duties and promote the success of the Company. References to the Company include the wider Group where relevant.

As noted in the Corporate Governance Report, the Board meet at least 6 times a year with papers circulated in advance to allow the Directors to fully understand the performance and position of the Company, alongside matters arising for decision. Each decision that is made by the Directors is supported by analyses of the possible outcomes so that an educated decision can be made based upon the likely impact on the Company, so a decision can be made which best promotes the success of the Company and what impact there may be on the wider stakeholder group. In addition to formal Board meetings, there are regular (at least 2 or 3 times in a month) calls where the majority of the Board is present, such that all Directors can be fully apprised of relevant matters.

Decisions of the Board take into account not just short-term, but also medium- and long-term consequences, which are carefully considered and balanced, having regard to the needs and priorities of the business, its customers, partners, employees and other stakeholders. For example, a key decision taken in the year was to accelerate the payments potentially due under the earn-out arrangements with the vendors of Medimark. Executive directors also participate in regular "Operations Group" meetings and, since the finalisation of the Medimark earnout, "All Company" calls in which staff across the Group are able to meet {albeit virtually given current regulations) and participate in relevant discussions.

Factors (a) to (f) below, are all taken into account during the decision-making process:

(a) The likely consequences of any decision in the long term

Supporting each key decision, the Board is given access to management papers which set out the potential outcome of decisions. The papers include diligence on the financial impact via forecasts, as well as non-financial factors and how the decision fits with the strategy of the Company. Strategy is reviewed in detail each year, where necessary in conjunction with external consultants, and this strategic thinking is intrinsic to future decision-making processes. Where appropriate, the Board delegates responsibility to a sub-committee of Directors for areas such as M&A, investor relations and so on.

(b) The interests of the Company's employees

As noted above, the Directors actively consider the interest of employees in all major decisions. The Directors' Report and Corporate Governance report set out in greater detail Byotrol's policy towards its employees. Value is created through innovation and customer service, which is a product of motivated employees. They are of central important to Byotrol success, and the Directors believe that the Byotrol culture and core values create an environment for engaged and successful employees.

The Group also operates option schemes for the majority of the Group's employees to encourage employee engagement in promoting the success of the Company and maximising shareholder return.

The health of the Group's employees is of course paramount, and the Directors have made every effort to facilitate working from home and also a safe "return to work" policy and other practices to ensure continuing good health in the current coronavirus pandemic.

(c) The need to foster the Company's business relationships with suppliers, customers and others

The Directors have identified the key stakeholders (employees, customers and clients) of the Group and regularly review their interests, concerns and expectations to ensure adequate communication and engagement is ongoing with each group.

d) The impact of the Company's operations on the community and environment

The Company takes its responsibility within the community and wider environment seriously and acknowledge that more can be done. As a UK-based business with modest travel requirements for staff, the Company has a relatively low carbon footprint in terms of its operations but acknowledges improvements can always be made.

(e) The desirability of the Group maintaining a reputation for high standards of business conduct

The Directors and the Group are committed to high standards of business conduct and governance. The Group has fully adopted the QCA Corporate Governance Code. Additionally, where there is a need to seek advice on particular issues, the Board will seek advice from its lawyers and/or nominated advisers to ensure the consideration of business conduct, and its reputation is maintained.

(f) The need to act fairly between members of the Company

The Directors regularly meet with investors and strive to give equal access to all investors and potential investors. Through its advisers, the Directors seek and obtain feedback from meeting with the investors and incorporate such feedback into their decision-making processes where appropriate. Where conflicting needs arise, advice is sought from the wider Board and, as necessary, from advisers Through the careful balancing of stakeholder needs, Byotrol seeks to promote success for the long-term benefit of shareholders.

Audit Committee Report

Dear Shareholder

As Chairman of Byotrol's Audit Committee, I present the Audit Committee Report for the year ended 31 March 2020, which has been prepared by the Committee and approved by the Board.

The Committee is responsible for reviewing and reporting to the Board on financial reporting, internal control and risk management, and for reviewing the performance, independence and effectiveness of the external auditors in carrying out the statutory audit. The Committee advises the Board on the statement by the Directors that the Annual Report when read as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Objectives and responsibilities

The Committee is responsible for monitoring the integrity of the Group's financial statements, including its Annual and Interim Reports, preliminary results announcements and any other formal announcements relating to its financial performance prior to release.

The Committee's main responsibilities can be summarised as follows:

- to review the Company's internal financial controls and risk management systems;
- to monitor the integrity of the financial statements and any formal announcements relating to the Group's financial performance, reviewing significant judgements contained in them;
- to make recommendations to the Board in relation to the appointment of the external auditors and to recommend to the Board the approval of the remuneration and terms of engagement of the external auditors;
- to review and monitor the external auditors' independence and objectivity, taking into consideration relevant UK professional and regulatory requirements;
- to develop and implement policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditors; and
- to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and to make recommendations as to steps to be taken

The terms of reference are reviewed annually and are available on the Company's website at Byotrol.com/investors.

Audit committee and attendance

The Audit Committee comprises the non-executive directors. The Committee is required by its terms of reference to meet at least twice a year. During the year, the Committee met twice. In addition, David Traynor (CEO) and Nic Hellyer (CFO) attended both Committee meetings by invitation.

Significant issues considered during the year

During the year, the Committee engaged in discussions with Mazars LLP ("Mazars", the Group's former auditor) who were responsible for the audit of the financial statements for the year ended 31 March 2019, following the publication of those financial statements. These discussions concerned principally:

(i) issues arising at a Group level, principally with regard to the lack of response from one of the Group's banks to Mazars' requests for confirmation of bank account balances and other facilities or arrangements. As a result of this lack of response, Mazars were unable to perform all their planned audit procedures, which led to an audit opinion which was qualified accordingly; and

(ii) the effectiveness of the audit process in respect of the year ended 31 March 2019. In doing so, the Committee considered the reports produced by Mazars, met the audit engagement partner and discussed the audit with the CFO. Whilst the Committee were satisfied that the external auditors had delivered the necessary scrutiny and robust challenge in their work, the Committee proposed to the Board that it should consider the appointment of another firm as auditor for the year to 31 March 2020. Subsequent to the resignation of Mazars, the Committee considered the process for seeking new auditors and the consequent appointment of Crowe U.K. LLP ("Crowe").

Issues considered in respect of the year to 31 March 2020

In respect of the financial year under review, the Committee:

- reviewed and approved the annual audit plan from Crowe;
- considered significant issues and areas of judgement with the potential to have a material impact on the financial statements, including impairments of the carrying value of the Group's (and Company's) goodwill, investments and technologies;
- reviewed the cash flow forecasts for the Group and discussed the key assumptions and risks relevant to their achievement, such that the Committee was satisfied that the basis for adopting the going concern basis in preparing the Group and Company financial statements was reasonable
- reviewed the Group reporting of a number of additional performance measures which are not in accordance with the reporting requirements of IFRS to ensure they are appropriate and that in each case the reason for their use is clearly explained; they are reconciled to the equivalent IFRS figure; and they are not given prominence over the equivalent IFRS figure
- considered the integrity of the published financial information and whether the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary to assess the Group's position and performance, business model and strategy; and
- reviewed and approved the interim and year end results and accounts

Risk review process

The Audit Committee is responsible for reviewing the financial risks and the internal controls relating thereto but the Board as a whole has responsibility for reviewing the overall business risks and risk management framework. The Group's principal risks and uncertainties are set out in the Strategic Report together with mitigating actions and the internal controls and risk management procedures are summarised in the Corporate Governance Report.

Till Medinger

Chairman of the Audit Committee

12 October

Remuneration Committee Report

Dear Shareholder

As Chairman of Byotrol's Remuneration Committee, I present the Remuneration Committee Report for the year ended 31 March 2020, which has been prepared by the Committee and approved by the Board. As an AIM company, the Directors' Remuneration Report Regulations do not apply to Byotrol and so the report that follows is disclosed voluntarily and has not been subject to audit.

The Remuneration Committee is responsible for determining the remuneration policy for the Executive Directors, and for overseeing the Company's long-term incentive plans. The Board as a whole is responsible for determining non-executive Directors' remuneration.

In setting the Group's remuneration policy, the Remuneration Committee considers a number of factors including the following:

- salaries and benefits available to executive directors of comparable companies
- the need both to attract and retain executives of appropriate calibre; and
- the continued commitment of executives to the Group's development through appropriate incentive schemes

Consistent with this policy, benefit packages awarded to executive directors comprise a mix of basic salary and performance-related remuneration that is designed as an incentive. The remuneration packages comprise the following elements:

- base salary: the Remuneration Committee sets base salaries to reflect responsibilities and the skills, knowledge and experience of the individual;
- a pension contribution or cash equivalent;
- health care and car benefits;
- bonus scheme: the executive directors are eligible to receive a bonus dependent on both individual and Group performance as determined by the Remuneration Committee; and
- equity share options

The Committee will continue to monitor market trends and developments in order to assess those relevant for the Group's future remuneration policy.

Remuneration decisions for 2020

The Committee made the following key decisions in the period under review:

- to approve the issue of share options for new and existing employees
- to approve an all employee profit sharing scheme (with effect for FY21)
- to review executive and senior employee remuneration
- to appoint a consultant to review senior remuneration and devise a long-term incentive scheme

John Langlands

Chairman of the Remuneration Committee

12 October 2020

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the consolidated financial statements and independent auditor's report, for the year ended 31 March 2020.

Principal activities

The principal activities of the Group during the year were the development, patenting, licensing and sale of anti-microbial products and technologies for business and consumer use.

Further information on the Group's activities, its prospects and likely future developments is given in the sections titled "Strategic Report" and "Financial Statements".

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements for each financial year 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 International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law.

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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 enable them to ensure that the financial statements comply with the requirements of 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. They are further responsible for ensuring that the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

Website publication

The maintenance and integrity of the Byotrol Plc web site, which includes compliance with AIM Rule 26, is the responsibility of the Directors.

Financial instruments and liquidity risks

Information about the use of financial instruments by the Company and its subsidiaries and the Group's financial risk management policies are given in note 31 of the financial statements.

Directors and their interests

The Directors who served during the year are as shown below:

Trevor Francis	Chief Technology Officer
Sean Gogarty	Non-Executive
Nic Hellyer	Chief Financial Officer (appointed 28 May 2019)
John Langlands	Non-Executive Chairman
Till Medinger	Non-Executive
David Traynor	Chief Executive Officer

In accordance with the Company's articles John Langlands and David Traynor will retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election.

The Directors at 31 March 2020 and their beneficial interests in the share capital of the Company were as follows:

Name of Director	Number of Ordinary Shares of 0.25p each	Options over Ordinary shares
Trevor Francis	4,470,214	5,410,000
Sean Gogarty	-	2,000,000
Nic Hellyer	500,000	2,000,000
John Langlands	9,000,000	2,700,000
Till Medinger	2,307,224	150,000
David Traynor	9,691,142	5,070,000

Nic Hellyer purchased 129,870 shares in the Company on 24 September 2020; otherwise no changes took place in the beneficial interests of the Directors between 31 March 2020 and 12 October 2020. The market price of the Ordinary Shares at 31 March 2020 was 5.43p and the range during the year was 1.55p to 5.88p.

Substantial shareholdings

As at 12 October 2020, the Company had received notification of the following significant interests in the ordinary share capital of the Company*:

Name of Holder	Number of Ordinary Shares	Percentage of Issued Share Capital
Amati Global Investors	25,000,001	5.68%
Lim Teck Lee Investments	18,175,000	4.13%
Mr & Mrs David Newlands	15,700,000	3.57%
Tonex Holdings	15,251,538	3.46%
The Bottomley Family	14,500,000	3.29%
Mr V. Silvester	13,950,000	3.17%
?What If! Holdings	13,689,569	3.11%

* *As adjusted for other known but undisclosed movements in the shareholder register*

Corporate governance

The Company has formalised the following matters by Board resolution:

- a formal schedule of Board responsibilities;
- the procedure for Directors to take independent professional advice if necessary, at the Company's expense;
- the procedure for the nomination and appointment of non-executive Directors, for specified periods and without automatic re-appointment; and
- establishment of and written terms of reference for audit and remuneration committees

Internal control

The Board has overall responsibility for ensuring that the Group maintains a system of internal control to provide its members with reasonable assurance regarding the reliability of financial information used within the business and for publication, and that assets are safeguarded. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of accurate financial information and the safeguarding of assets.

The key features of the internal control system that operated throughout the year are as follows:

- control environment - particularly the definition of the organisation structure and the appropriate delegation of responsibility to operational management
- identification and evaluation of business risks and control objectives - particularly through the process of consideration and documentation of risks and controls which is periodically undertaken by the Board
- main control procedures, which include the setting of annual and longer-term budgets and the monthly reporting of performance against them, agreed treasury management and physical security procedures, formal capital expenditure and investment appraisal approval procedures and the definition of authorisation limits (both financial and otherwise)

- monitoring, particularly through the regular review of performance against budgets and the progress of development and sales undertaken by the Board.

The Board reviews the operation and effectiveness of this framework on a regular basis. The Directors consider that there have been no weaknesses in internal controls that have resulted in any losses, contingencies or uncertainties requiring disclosures in the financial statements.

Review of the business

A review of the business and the future developments of the Group is presented in the Chairman's Statement, the Chief Executive's Report and the Financial Review.

Results and dividends

The profit for the financial year to 31 March 2020 attributable to ordinary shareholders amounts to £0.38m (2019: £0.35m). The Directors do not recommend the payment of a dividend.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report; the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements and associated notes, in particular in the consolidated cash flow statement, in Note 30 "Loans and borrowings" and Note 32 "Financial instruments".

The financial statements have been prepared on a going concern basis. Overall, and having taken account of the potential implications of the coronavirus pandemic and Brexit, the Directors are of the view that the Group has adequate financing to be able to meet its financial obligations for a period of at least 12 months from the date of approval of this annual report and financial statements.

Events after the reporting date

There have been no significant events which have occurred subsequent to the reporting date.

Research and development

Details of the Group's activities on research and development during the year are set out in the Financial Review.

Auditor

Each of the persons who are Directors of the Company at the date when this report was approved confirms that:

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- the Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined in the Companies Act 2006) and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Directors intend to place a resolution before the Annual General Meeting to appoint Crowe U.K. LLP as auditor for the following year.

Liability insurance for Company officers

As permitted by section 233 of the Companies Act 2006, the Company has purchased insurance cover for the Directors against liabilities that might arise in relation to the Group.

By order of the Board

Denise Keenan
Company Secretary

Riverside Works
Collyhurst Road
Manchester
M40 7RU

12 October 2020

Independent Auditors’ Report to the Members of Byotrol plc

Opinion

We have audited the financial statements of Byotrol plc (the “Parent Company”) and its subsidiaries (the “Group”) for the year ended 31 March 2020, which comprise:

- the Group statement of comprehensive income for the year ended 31 March 2020;
- the Group and Parent Company statements of financial position as at 31 March 2020;
- the Group statements of cash flows for the year then ended;
- the Group statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosures Framework (UK GAAP).

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company's affairs as at 31 March 2020 and of the Group’s profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK GAAP; and
- the financial statements 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 Group 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- The directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group’s or the parent company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.
Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £40,000 and materiality for the parent company financial statements to be £39,500, based on our professional judgement, using the benchmarks of 0.75% of turnover and 8% of normalised profit before tax as guidelines for these assessments. We have calculated profit before tax by stripping out unusual or exceptional items from the performance for the year, and in particular we have deducted the exceptional gain realised on the adjustment to the contingent consideration for the acquisition of Medimark Scientific Limited ("Medimark").

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £1,200 (2019: £2,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our audit approach was based on our understanding attained from a thorough analysis of the Group and parent company's business, and is risk based. Although we are only expressing an opinion on the accounts of the Group and parent company, we have also audited those numbers from other group entities that are considered material to the consolidated accounts. In particular, there are a wide range of transactions and balances within Medimark and Byotrol Technology Limited ("BTL") that were considered significant.

As a result of the national lockdown that was implemented in response to the COVID-19 pandemic, the audit was performed remotely. Although there is a greater reliance on electronic copies of documents, we have completed sufficient testing to satisfy the ISAs, and have obtained third party information where appropriate.

Our tests included, but were not limited to, obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error, review of minutes of directors' meetings in the year and enquiries of management. As a result of our procedures, we did not identify any Key Audit Matters relating to irregularities, including fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Revenue recognition (Group and Parent Company) The revenue recognised in the financial statements may be understated and not recognised in accordance with the relevant accounting standard and the Group's accounting policy. The application of IFRS 15 (*Revenue from contracts with customers*) was of particular significance, with three material contracts active at year end, with Solvay, Tristel and Advanced Hygienics.	We obtained, reviewed and challenged management's IFRS 15 paper, with a specific focus on the accounting for the three material contracts and its compliance of revenue recognised with the stated accounting policy, along with the compliance of disclosures made in the financial statements and accordance with the requirements of IFRS 15. We obtained copies of the contracts that were effective at year end, and verified that the calculations of contract revenue were correctly based on these and relevant market metrics. We also carried out analytical procedures over revenue, and substantive transactional testing of income from sales of goods during the year. We also completed focussed testing of revenue around the year end to ensure that the cut-off had been correctly applied.
Capitalisation of development costs (Group and parent company) Within the intangible assets held by the group, there are material balances relating to internally generated, capitalised development costs. The process of correctly identifying and capitalising this development expenditure in the year requires the critical application of judgement by management, and as such is considered a key audit matter.	We reviewed whether new developments met the criteria for capitalisation and whether continuing developments continued to meet the criteria for capitalisation and corroborated a sample of the amounts capitalised in the year to supporting documentation including invoices for external costs and an approximate evaluation of internal resource/time capitalised. We obtained and reviewed management's reviews for indicators of potential impairment; management's key estimates are set out within the disclosure of critical accounting estimates and judgements on page 45. We reviewed the appropriateness of the amortisation periods in the context of the continuing development of technologies which may give rise to obsolescence, and the expected recovery of the assets against future sales.

Goodwill impairment review (Group)	
The goodwill that is recognised on consolidation is a material figure at £502k. This goodwill is the result of the acquisition of Medimark in the prior year. On an annual basis and in line with the requirements of IAS 36, the Company must consider the continued value of the goodwill being carried in the consolidated accounts and apply judgement in the calculation of any impairment.	We addressed this risk by obtaining, reviewing and challenging the underlying assumptions behind management's detailed goodwill impairment assessments. Where this assessment is dependent upon on future performance, our review included challenging budgeted revenue and profitability, requesting and considering a range of scenarios, especially where a reasonably possible change in assumptions might give rise to an impairment.
Investments impairment review (Company)	
The Company statement of financial position for 31 March 2020 includes total material balances of £3,112k to recognise the various subsidiaries that make up the Byotrol Group. As with goodwill, the Company must apply IAS 36 to determine if there is a requirement to impair the value of each investment. Where the expected future economic benefit is less than the asset value there is a requirement to impair to fair value.	We addressed this risk by obtaining, reviewing and challenging the underlying assumptions behind management's detailed impairment assessment of investments in subsidiaries. Where this assessment is dependent on future performance, our review included challenging budgeted revenue and profitability, requesting and considering a range of scenarios, especially where a reasonably possible change in assumptions might give rise to an impairment.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

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

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 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 directors' report and strategic 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 parent company and their 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 38, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Michael Jayson (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Manchester

12 October 2020

Group Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £'000 *(audited)*	2019 £'000 *(audited)*
Revenue	5	**6,069**	**5,660**
Cost of sales		(3,179)	(2,055)
Gross profit		**2,890**	**3,605**
Adjusted administrative expenses	6, 8	(2,920)	(3,018)
Adjusted operating profit/(loss)		**(30)**	**587**
Exceptional items	7	382	-
Amortisation of acquisition-related intangibles		(279)	(147)
Share-based payments	12	(47)	(60)
Operating profit		**26**	**380**
Finance income	13	59	41
Finance expense	14	(128)	(80)
Profit/(loss) before taxation		**(43)**	**341**
Income tax credit	15	377	11
Profit for the year		**334**	**352**
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		7	7
Other comprehensive income, net of tax		**7**	**7**
Total comprehensive income for the year		**341**	**359**
Earnings per share			
Attributable to the owners of the Byotrol Group (basic)	16	0.08p	0.08p
Attributable to the owners of the Byotrol Group (diluted)	16	0.08p	0.08p

The accompanying notes 1 to 33 are an integral part of these financial statements.

Group Statement of Financial Position

For the year ended 31 March 2020

	Note	2020 £'000 *(audited)*	2019 £'000 *(audited)*
Assets			
Non-current assets			
Intangible assets	19	3,691	3,862
Tangible assets	20	54	58
Right-of-use assets	21	69	-
Deferred tax assets	22	431	-
Trade receivables	24	714	176
		4,959	**4,096**
Current assets			
Inventories	23	285	416
Trade and other receivables	24	2,185	1,796
Cash and cash equivalents		1,712	2,797
		4,182	**5,009**
TOTAL ASSETS		**9,141**	**9,105**
Liabilities			
Non-current liabilities			
Lease liabilities	25	31	-
Deferred tax liabilities	22	394	441
Other financial liabilities	26	-	297
		425	**738**
Current liabilities			
Trade and other payables	27	1,319	1,193
Short term borrowings	28	296	245
Lease liabilities	25	39	-
Other financial liabilities	26	-	520
		1,654	**1,958**
TOTAL LIABILITIES		**2,079**	**2,696**
NET ASSETS		**7,062**	**6,409**
Issued share capital and reserves			
Share capital	29	1,101	1,077
Share premium	29	28,423	28,282
Other reserves	29	1,065	1,065
Retained earnings		(23,527)	(24,015)
TOTAL EQUITY		**7,062**	**6,409**

The financial statements of Byotrol Plc, registered number 05352525 were approved by the board of Directors and authorised for issue on 12 October 2020. They were signed on its behalf by:

David Traynor	**Nic Hellyer**
Director	**Director**

The accompanying notes 1 to 34 are an integral part of the financial statements.

Group Statement of Cash Flows

For the year ended 31 March 2020

	2020 £'000 *(audited)*	2019 £'000 *(audited)*
Cash flows from operating activities		
Profit for the year	**334**	**352**
Adjustments for:		
Finance income	(59)	(41)
Finance costs	128	80
Depreciation of tangible non-current assets	28	24
Amortisation and impairment of intangible non-current assets	467	538
Income tax (credit) recognised in profit or loss	(377)	(11)
Fair value adjustment on contingent consideration	(363)	-
Share-based payments	47	60
Operating cash flows before movements in working capital	**205**	**1,002**
(Increase)/decrease in trade and other receivables	(995)	(841)
(Increase)/decrease in inventories	131	(70)
Increase/(decrease) in trade and other payables	202	239
Cash generated from operating activities	**(457)**	**330**
Income tax paid	-	-
Net cash generated from operating activities	**(457)**	**330**
Cash flows from investing activities		
Development of intangible assets	(295)	(283)
Acquisition of property, plant and equipment	(24)	(23)
Cash outflow on acquisition of businesses net of cash acquired	(290)	(1,131)
Net cash used in investing activities	**(609)**	**(1,437)**
Cash flows from financing activities		
Movement in invoice discounting facility	51	16
Repayments of principal on lease liabilities	(39)	-
Finance income	6	41
Finance costs	(42)	(13)
Interest expense on lease liabilities	(3)	-
Net cash generated by/(used in) financing activities	**(27)**	**44**
Net increase/(decrease) in cash and cash equivalents	**(1,093)**	**(1,063)**
Foreign exchange differences	8	7
Cash and equivalent at beginning of period	**2,797**	3,853
Cash and cash equivalents at end of period	**1,712**	**2,797**

Group Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital	Share premium	Merger reserve	Retained earnings	**Total**
	£'000	£'000	£'000	£'000	**£'000**
Balance at 1 April 2018	**1,007**	**27,468**	**1,065**	**(24,434)**	**5,106**
Profit after taxation for the period	-	-	-	352	352
Share-based payments	-	-	-	60	60
Other comprehensive income:					
Exchange differences	-	-	-	7	7
Transactions with owners:					
Shares issued by Byotrol Plc as part of a business combination	70	814	-	-	884
Balance at 31 March 2019	**1,077**	**28,282**	**1,065**	**(24,015)**	**6,409**
Effect of change of accounting policy (IFRS 16)	-	-	-	(1)	(1)
Balance at 1 April 2019 as restated	**1,077**	**28,282**	**1,065**	**(24,016)**	**6,408**
Profit after taxation for the period	-	-	-	334	334
Share-based payments	-	-	-	47	47
Other comprehensive income:					
Deferred tax on share-based payment transactions	-	-	-	101	101
Exchange differences	-	-	-	7	7
Transactions with owners:					
Shares issued by Byotrol Plc as part of a business combination	24	141	-	-	165
Balance at 31 March 2020	**1,101**	**28,423**	**1,065**	**(23,527)**	**7,062**

Reserve	**Description and purpose**
Share capital	Nominal value of issued shares
Share premium	Amount subscribed for share capital in excess of nominal value less associated costs
Merger reserve	Amounts arising on the consolidation of historic acquisitions under merger accounting principles
Retained earnings	All other net gains and losses not recognised elsewhere

The accompanying notes 1 to 33 are an integral part of these financial statements.

1 General information

Byotrol Plc ("Byotrol" or the "Company") is a public limited company incorporated and domiciled in England. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange. These financial statements are the consolidated financial statements of Byotrol Plc and its subsidiaries ("the Byotrol Group" or the "Group") and the company financial statements for Byotrol Plc.

Byotrol's registered office is at Riverside Works, Collyhurst Road, Manchester M40 7RU and its principal place of business is at Building 303 (Ashton), Thornton Science Park, Pool Lane, Ince, Chester, CH2 4NU.

2 Adoption of new and revised standards

Certain new standards and amendments to existing standards that have been published and are mandatory for the first time for the financial year beginning 1 April 2019 have been adopted and their impact on the Group and Company is explained below. New standards, amendments to standards and interpretations which have been issued but are not yet effective (and in some cases had not been adopted by the EU) for the financial year beginning 1 April 2019 have not been adopted early in preparing these financial statements. The main new accounting standards which are relevant to the Group are set out below:

IFRS 16 Leases

In 2020 the Group applied *IFRS 16 Leases* (as issued by the IASB in January 2016, "IFRS 16") for the first time. IFRS 16 introduces new or amended requirements with respect to lease accounting, resulting in significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets.

The Group has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 April 2014, with the date of initial application as 1 April 2019. The Group has applied IFRS 16 using the modified retrospective approach, with no restatement of comparative information (See Notes 6 and 21).

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 is effective for periods beginning on or after 1 April 2019 and sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. IFRIC 23 requires an entity to:

- determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- assess if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty

The Board acknowledges the Group's responsibility to pay all tax which is due under law and recognises the importance of corporate tax payments to society. However, the Board also acknowledges its legal responsibility to act in shareholders' best interests, which includes not paying more tax than is legally due. The Board applies this strategy across all forms of taxes including, but not limited to, corporation tax, payroll and employment taxes and value added tax.

Byotrol's corporate tax policy

The principal features of Byotrol's corporate tax policy are to:

- not seek to avoid or evade tax by using inappropriate accounting or other means;
- pay all amounts of tax due in full and on time to the tax authorities;
- structure the business to take advantage of allowances and reliefs offered and intended by law or the tax authorities;
- act with integrity and honesty in all dealings with tax authorities; and
- take reasonable measures and have reasonable procedures in place to prevent any and all persons associated with the Group from facilitating the evasion of tax whether in the UK or overseas.

the Group seeks to manage its tax affairs in full compliance with relevant local legislation and, whilst seeking to minimise its tax exposure where practical, it does not engage in aggressive tax avoidance measures.

The Group consists predominantly of UK-incorporated trading companies with significant tax losses brought forward, and thus has relatively simple tax affairs. All material tax filings are up to date and undisputed, and the Group is not aware of any likely disputes or other issues of contention with tax authorities, Accordingly the Group believes that it is not impacted by IFRIC 23 and therefore opening retained earnings remain unaffected.

3 Significant accounting policies

Basis of accounting

The financial statements have been prepared on a historical cost basis (except for certain financial instruments and share-based payments that have been measured at fair value), and in accordance with the AIM Rules, International Financial Reporting Standards ("IFRS") as adopted by the European Union that are applicable to the Group's statutory accounts, and the applicable provisions of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. The Company controls an investee if, and only if, the Company has the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure of rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

The results of subsidiaries or businesses acquired during the year are included in the consolidated income statement from the effective date of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Audit exemption

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act: Byotrol Technology Limited; Byotrol Consumer Products Limited; Winchpharma (Consumer Healthcare) Limited; Medimark Scientific Limited; Ebiox Limited; Chemgene Solutions Limited; Medimauve Limited; and Medichem International Limited.

Going concern

These financial statements have been prepared on a going concern basis. The Directors have reviewed the Company's and the Group's going concern position taking account of its current business activities, budgeted performance and the factors likely to affect its future development, set out in this Annual Report, and including the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risks. The Directors took particular account of the effects (to date and potential) of (a) the continuing coronavirus pandemic, which has been and is expected to have a positive impact on Group trading; as well as (b) Brexit and the potential impact of differing customs, regulatory and other trading regimes on the Group's business. Following such review, the Directors are of the view that the Group has adequate financing to be able to meet its financial obligations for a period of at least 12 months from the date of approval of the Annual Report and financial statements. Accordingly the Group and Company continue to adopt the going concern basis in preparing these financial statements.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Each element of revenue (described below) is recognised only when:

(i) provision of the goods or services has occurred;

(ii) consideration receivable is fixed or determinable; and

(iii) collection of the amount due from the customer is reasonably assured

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and other sales related taxes. The Group's principal revenue streams and their respective accounting treatments are as follows:

Product Sales

The Group sells a range of products to business customers, retailers and the wholesale market (together "customers"). Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, if a wholesaler or retailer when that entity has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Products may be sold with volume discounts; however, as these are based on monthly sales the discount is accounted for as part of the monthly revenue recognition based on the price specified in the contract, net of the calculated volume discount. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. No provision is made for any obligation to replace faulty products under the standard warranty terms as (i) in the Group's experience such faults are rare and in any case the obligation to replace would probably fall to the relevant contract manufacturer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Royalty income

Royalty income from licensing agreements is recognised in accordance with the substance of the relevant agreement (e.g. as a percentage of relevant sales) when the later of the following occurs: (a) the sale or usage occurs; or (b) the performance obligation to which some or all of these royalties has been allocated has been satisfied. Certain income which is termed "royalty income" for commercial purposes actually constitutes agreed and fixed payments over a term; such payments are recognised as revenue at the present value of such payments on the date when the relevant performance obligation is met.

Sale or license of patents or intellectual property

Sales or licenses of patents and similar intellectual property are recognised as revenue transactions where considered to be in the normal course of business as a route to market. Revenue is recognised when the performance obligation or obligations in the contract are satisfied and amounts due and expected to be recoverable based on best estimates, discounted at an imputed cost of funds where amounts receivable include amounts falling due after more than one year.

Other agreements

The Group also enters into other forms of agreement including development agreements and joint marketing agreements. In those circumstances, payment schedules may include initial upfront payments, milestone linked payments, success fees and royalty payments. The Group recognises revenue from such transactions in accordance with the fair value allocable to the relevant performance obligations contained in the contract as and when the performance obligation is satisfied, either at a point in time or over time in the case of sales or usage based variable royalty arrangements.

Some contracts include multiple deliverables, such as the sale of IP and the know-how required for the customer to benefit from it. Certain contracts may include a provision for post-contract support and other technical assistance. Where contracts include such multiple performance obligations, the transaction price is allocated to each performance obligation based on the Group's best estimate of their Standalone Selling Price ("SSP") notwithstanding any absence or contrary allocation of total cost within a contract. Where this is not directly observable, it is estimated based on the best available evidence, for example expected cost plus margin.

IFRS 15 also requires the Group to adjust the expected amount of consideration to reflect the time value of money if the contract has a significant financing component, irrespective of the recognition of sale of IP, license or service income as the case may be.

Leases

Applying IFRS 16, for all leases (except as noted below), the Group:

(i) recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;

(ii) recognises depreciation of right-of-use assets, and interest on lease liabilities, in the consolidated statement of comprehensive income; and

(iii) separates the total amount of cash paid in respect of lease obligations into a principal portion and interest (both presented within financing activities) in the consolidated statement of cash flows.

Lease payments under (i) are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's estimated incremental borrowing rate. The finance expense is charged to the Consolidated Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Additionally under IFRS 16, right-of-use assets are tested for impairment in accordance with *IAS 36 Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets the Group has opted to recognise a lease expense on a straight-line basis as permitted by the Standard. This expense is presented within other expenses in the consolidated statement of profit or loss.

Foreign currencies

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in UK Sterling, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Exchange differences arising on the settlement of monetary items, are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period where it approximates the rates on the dates of the underlying transactions. Exchange differences arising, if any, are recognised in equity.

Exchange differences arising on monetary items that form part of the Company's net investment in its foreign operations are recognised in the profit or loss in the reporting entity. However, in the consolidated financial statements which include the foreign operations, such exchange differences are recognised in equity.

Share-based payments

The Group has applied the requirements of *IFRS 2 Share-based payments* in respect of options granted under various employee share option schemes. Under the terms of these schemes the Group is able to make equity-settled share-based payments to certain employees and Directors by way of issue of options over ordinary shares. Such equity-settled share-based payments are measured at fair value at the date of grant. This fair value is determined as at the grant date of the options and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of options that will eventually vest. A corresponding amount is credited to equity reserves.

Fair value is measured by use of a Black-Scholes model and key inputs to that model have been assessed as follows:

- expected volatility was based upon historical volatility and applied over the expected life of the schemes;
- expected life was based upon historical data and was adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations; and
- risk-free rate was taken as the UK gilt yields as appropriate for the expected life of the options concerned

Proceeds received on exercise of share options and warrants are credited to share capital (in respect of nominal value) and share premium account (in respect of the excess over nominal value). Cancelled options are accounted for as an acceleration of vesting. The unrecognised grant date fair value is recognised in the consolidated statement of comprehensive income in the year that the options are cancelled.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Any tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's potential liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are provided in full, with no discounting, for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Intangible assets

Development expenditure

Expenditure on the development of the Group's products and processes where it meets certain criteria (given below), is capitalised and subsequently amortised on a straight-line basis over its useful life. Where no internally generated intangible asset can be recognised, development expenditure is written-off in the period in which it is incurred.

An asset is recognised only if all of the following conditions are met:

- the product is technically feasible and marketable;
- the Group has adequate resources to complete the development of the product;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably

Development expenditure is amortised on a straight-line basis over 10 years, such amortisation being charged to profit or loss. In determining the amortisation policy of an intangible asset, its useful economic life in terms of years is considered. Where a finite useful economic life of an asset can be estimated, amortisation is calculated from the point to which the asset is brought into use and charged to profit and loss over its lifetime.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Patents and licenses

The costs incurred in purchasing licenses and establishing patents are measured at cost, net of any amortisation and any provision for impairment. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Intellectual property/patents	over 10 years on a straight-line basis
Licenses	over 5 years on a straight-line basis

Disposal of intangible assets

Any gain or loss arising on the disposal of intangible assets is recognised within revenue where considered to be in the normal course of business as a route to market.

Customer relationships

Customer relationships acquired are recognised as intangible assets at their fair value on acquisition, less impairment (if any). Customer relationships are amortised on a straight-line basis over 10 years.

Brands

Brands acquired are recognised as intangible assets at their fair value on acquisition, less impairment (if any). Brands are amortised on a straight-line basis over 10 years.

Business combinations, goodwill and contingent consideration

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business comprises the:

- fair values of any assets transferred to the vendors of the acquired business
- liabilities to the vendors incurred
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its fair value on the acquisition date and included as part of the consideration transferred in a business combination.

Acquisition-related costs are expensed as incurred.

Goodwill

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill, which is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment. For the purpose of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Where settlement of any part of cash consideration is deferred (whether because it is contingent or otherwise), the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used may be the Group’s incremental borrowing rate (being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions), or the Group's cost of equity, depending on whether the liability is to be settled in cash or by the issue of equity.

Contingent consideration

Contingent consideration is initially measured at fair value at the date of completion of the acquisition and may be classified either as an equity or a financial liability. The accounting for changes in the fair value of contingent consideration arising on business combinations that do not qualify as measurement period adjustments depends on how the contingent consideration is classified:

- amounts classified as a financial liability are subsequently remeasured to fair value at subsequent reporting dates and the corresponding gain or loss is recognised in the Statement of Comprehensive Income
- contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been assessed. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Any impairment loss is recognised as an expense through profit and loss.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Cost comprises purchase price and other directly attributable costs. Depreciation is charged so as to write off the cost or valuation of assets to their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Computer equipment	Over 3 years on a straight-line basis
Office equipment	Over 5 years on a straight-line basis
Vehicles	Over 8 years on a straight-line basis

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost comprises direct material cost, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and selling costs to be incurred.

Provision is made where necessary for obsolete, slow moving inventory where it is deemed that the costs incurred may not be recoverable.

Financial assets

Financial assets are recognised on the consolidated statement of financial position when the Group has become a party to the contractual provisions of the instrument. The Group's financial assets consist of cash, deposits, and receivables. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group has reviewed its business model for its financial assets and has concluded that they are held for collecting contractually associated cash flows. With the exception of trade receivables that do not contain a significant financing component, or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 as described in the revenue accounting policy above.

In accordance with IFRS 9 the Group recognises lifetime expected credit losses for trade receivables and contract assets. In adopting IFRS 9 the Group has applied the Simplified Approach applying a provision matrix to measure lifetime expected credit losses and after taking into account customers with different credit risk profiles and an assessment of both the current as well as the forecast conditions at the reporting date, including time value of money where appropriate.. The Directors applied a percentage "probability of default" to the receivables balance related to the underlying credit rating of the customer which resulted in a hypothetical expected default amount which was not material to the Group's financial statements. A specific provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Long-term trade receivables

Long-term trade receivables represent amounts relating to revenue recognised at the date of the statement of financial position but not yet due or invoiceable under the terms of the contract. These arise most typically for the Group as a result of licenses of IP or technology where the consideration is structured as an upfront payment followed by a series of additional payments, which may comprise fixed sums or fixed sums plus sums relating to some measure of (for example) sales made by the purchaser of the license. Such payments may extend over several years. Under IFRS 15, if the contract is a "right to use" contract, then the upfront and fixed payments are recognised on transfer of the license at their aggregate present value using an imputed cost of funds.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities and equity instruments

Equity and debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The Group's financial liabilities include trade and other payables and borrowings which are measured at amortised cost using the effective interest rate method. Financial liabilities are recognised on the consolidated statement of financial position when the Group has become a party to the contractual provisions of the instrument.

An equity instrument is any contract which evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group, such as share capital and share premium, are recognised at the proceeds received net of direct issue costs.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Segmental information

The Byotrol Group sells products based on its proprietary anti-microbial technology to professional and consumer end users and retailers ("product sales"). It also generates revenues from licensing and joint development agreements ("royalties and licensing income") and sale of patents and associated intellectual property as additional ways of monetising the Group's technology base. Internal reporting provided to the chief operating decision-maker ("CODM", which has been determined to be the Board of Directors) for making decisions about resource allocations and performance assessment relates to two reportable product sales segments, Professional and Consumer.

Segment revenues comprise sales to external customers and excludes gains arising on the disposal of property, plant & equipment and finance income. Royalties and licensing income and sale of patents and associated intellectual property are included within the Professional or Consumer segment depending on the primary market served by the licensee or purchaser. Segment profit reported to the Board represents the gross profit earned by each segment.

The Byotrol Group primarily serves customers in the UK, the EU and North America, with a small number of customers in Asia.

Exceptional items

Exceptional items are those items of income or expense which, due to their nature, are deemed appropriate to be disclosed separately in the financial statements in order to provide further understanding of the financial performance of the Company or the Group.

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions and critical accounting judgements concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Capitalised development costs

Critical judgements

Determining whether development costs qualify for capitalisation as intangible assets requires judgement, including assessments of the nature of the work underlying the costs carried out by relevant employees and whether it is directly related to the relevant intangible asset and the technical and commercial viability of the asset created.

Estimates

Estimates relating to capitalised development costs include the asset's likely revenue generation and its applicable useful economic life. These estimates are continually reviewed and updated based on past experience and reviews of competitor products available in the market.

Impairment reviews

Critical judgements

The Group tests goodwill, intangible assets and property, plant and equipment annually for impairment, or more frequently if there are indications that an impairment may be required. Judgement is required as to whether indicators of impairment exist and hence whether to perform more detailed analysis to evaluate any impairment required. Identifying indicators of impairment requires judgements to be made as to the prospects and value drivers of the individual assets.

In valuing these assets and liabilities, judgement is required as to the likelihood of occurrence of future events which will affect the value of such assets

Estimates

The Group uses long-term forecasts of cash flow and estimates of future growth both to value acquired intangible assets and goodwill and to assess whether goodwill or intangible assets are impaired, and to determine the useful economic lives of its intangible assets. Estimates are therefore required of the level of future growth, resulting cash flows as well as an appropriate discount rate to derive their carrying value. Assumptions regarding sales and operating profit growth, gross margin, and discount rate are considered to be the key areas of estimation in the impairment review process – further disclosure regarding such estimates is made in Note 19

Recognition of deferred tax assets

Critical judgements	*Estimates*
Determining whether potential tax credits arising from tax losses brought forward depends on a judgement as to the timing and quantum of future profits which will be able to be offset against those losses	Estimates relating to deferred tax assets recognised are principally those related to the longer-term profitability of the Group and what adjustments might be made to the reported profit figures for the purposes of calculating tax liabilities. Assumptions regarding sales and operating profit growth, gross margin, and applicable tax rate are considered to be the key areas of estimation

Further information on these factors is given in the Strategic Report and in the section on "Principal risks and uncertainties".

5 Revenue and segmental analysis

An analysis of revenue (and the related gross profit) by product or service and by geography is given below.

Revenue by type

To 31 March 2020	**Professional**	**Consumer**	**Total**
	£'000	£'000	£'000
Product sales	4,410	882	5,292
Royalty and licensing income	777	-	777
Total revenue	**5,187**	**882**	**6,069**

To 31 March 2019	**Professional**	**Consumer**	**Total**
	£'000	£'000	£'000
Product sales	2,710	793	3,503
Royalty and licensing income	-	226	226
Sale of intellectual property	-	1,931	1,931
Total revenue	**2,710**	**2,950**	**5,660**

Gross profit

To 31 March 2020	Professional £'000	Consumer £'000	Total £'000
Product sales	1,693	420	2,113
Royalty and licensing income	777	-	777
Sale of intellectual property	-	-	-
Total gross profit	**2,470**	**420**	**2,890**

To 31 March 2019	Professional £'000	Consumer £'000	Total £'000
Product sales	1,093	355	1,448
Royalty and licensing income	-	226	226
Sale of intellectual property	-	1,931	1,931
Total gross profit	**1,093**	**2,512**	**3,605**

Revenue by geography

The Group recognises revenue in three geographical regions based on the location of customers, as set out in the following table:

	2020 £'000	2019 £'000
United Kingdom	5,177	2,701
North America	405	2,025
Rest of World	487	934
	6,069	**5,660**

Management makes no allocation of costs, assets or liabilities between these segments since all trading activities are operated as a single business unit.

Customer concentration

The Group has no customers representing individually over 10% of revenue each (2019: nil).

License revenue and finance income

License contracts (and certain other contracts relating to the sale of IP) typically provide for fixed payments to be made by customers over a given term (typically between three and five years but which may extend longer). Under IFRS 15, in order to reflect the time value of money, such contracts are recognised as the capitalised value of the income stream plus notional interest accruing for the year on the credit deemed to be extended to the customer (on a reducing balance basis). For the financial year 2020 this figure amounts to license revenue of £0.78m and related notional interest income of £33,000 (2019: 1.93m and £20,000).

Non-current assets

All of the Group's non-current assets (comprising intangible assets, goodwill, deferred tax assets, plant, property and equipment, and long-term contract assets and trade receivables) are held in the UK.

6 Operating expenses

Profit for the year has been arrived at after charging/(crediting):

	2020 £'000	2019 £'000
Amortisation and impairment of intangible non-current assets	466	538
Depreciation of tangible non-current assets	28	24
Auditor's remuneration (see note 9)	30	56
Staff costs (see note 10)	1,587	1,440
Research & development costs	405	436
Research and development (R & D) tax credits	(120)	(124)
Short-term lease expenses	90	82
Realised foreign exchange (gains)/losses	(7)	1

Financial effect of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current period. The Group has adopted the modified retrospective approach to the application of IFRS 16 and accordingly the prior year is not restated and hence there is no effect shown.

Impact on profit/(loss) for the period

	Year to 31 March 2020 £'000
(Increase) in depreciation	(39)
(Increase) in finance costs	(3)
Decrease in administrative expenses	42
Effect on profit for the period	-

Impact on earnings per share for the period

There is no effect on EPS (to the nearest 0.01p).

Impact on consolidated statement of cash flows

The application of IFRS 16 has an impact on the consolidated statement of cash flows of the Group as under the Standard lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (such payments have no material effect on these financial statements);
- Cash paid for the interest portion of lease liabilities as part of financing activities; and
- Cash payments for the repayment of the principal portions of leases liabilities as part of financing activities.

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, for the year ended 31 March 2020, the net cash generated by operating activities has increased by £42,000 and net cash used in financing activities increased by the same amount.

For lease liabilities on the balance sheet at 31 March 2020 the Group has used a weighted average interest rate of 3.3%.

7 Exceptional items

Exceptional items of £0.38m in 2020 (2019: £57,000) comprise the gain on the adjustment of liabilities relating to contingent consideration, i.e. the potential earnout payment in respect of the acquisition of Medimark Scientific Limited ("Medimark", the "Acquisition"), less certain other costs related to the Acquisition.

Medimark was acquired pursuant to a sale and purchase agreement ("SPA") dated 22 August 2018. Consideration of up to £4.5m was payable in respect of the Acquisition, including up to £1.8m of consideration which was payable, partly in cash and partly by the issue of new ordinary shares, contingent on the achievement of certain stretch EBITDA targets in the two years following the Acquisition. Following the completion of the measurement period at 31 March 2019 the contingent consideration potentially due for the earnout years 2019 and 2020 was valued at £817,000 (as discounted to the then present value at an imputed cost of funds). This was based on a probability-weighted analysis of the potential outturns for Medimark's EBITDA for the relevant years which determined the amount payable, based on the Board's expectations at that time of the future trading performance of Medimark and how this would be accounted for as EBITDA under the terms of the SPA. At 30 September 2019 the value of this liability was revised downwards to £752,000, a £65,000 decrease (net of the unwinding of the present value discount).

On 29 January 2020, the Group completed negotiations with the four individuals who were the vendors of Medimark and agreed a payment of approximately £290,000 in cash and the issue of 9,363,034 new Ordinary shares in the Company in full and final settlement of the potential amounts outstanding under the terms of the SPA. This reduced the aggregate payments recognised in respect of the Acquisition to approximately £2.76m. Accordingly a gain of £0.44m arose based on the elimination of the contingent liability after taking into account the cost of unwinding the discount to that date. This exceptional gain has arisen through the issue of equity as well as the payment of cash; however, it is not practical to ascribe separate values to each component of the gain.

8 Non-GAAP profit measures

Reconciliation of operating profit to adjusted earnings before interest, taxation, depreciation and amortisation:

Year to 31 March	**2020** £'000	**2019** £'000
Operating profit	**26**	**380**
Adjusted for:		
Amortisation and depreciation	534	562
Revenue recognised as interest under IFRS 15	33	20
Exceptional items:		
- acquisition expenses	-	118
- gain on adjustment of contingent liability	(443)	-
- audit expenses relating to 2019	61	(61)
Total exceptional items	**(382)**	**57**
Expensed share-based payments	47	60
Adjusted EBITDA	**258**	**1,079**

The criteria for adjusting operating income or expenses in the calculation of adjusted EBITDA are that they are material and either (i) arise from an irregular and significant event or (ii) are such that the income/cost is recognised in a pattern that is unrelated to the resulting operational performance. Materiality is defined as an amount which, to a user, would influence decision-making based on, and understandability of, the financial statements.

Exceptional items are treated as exceptional by reason of their nature and are excluded from the calculation of adjusted EBITDA (and adjusted earnings per share in Note 16) to allow a better understanding of comparable year-on-year trading and thereby an assessment of the underlying trends in the Group's financial performance. These measures also provide consistency with the Group's internal management reporting. Exceptional items in 2020 comprise the gain on the adjustment of contingent liabilities relating to the potential earnout payment in respect of the Medimark Acquisition, plus certain accountancy and audit work which was necessary to negotiate and implement the renegotiation and final settlement (see Note 7).

Adjustment for share-based payment expense is made because, once the cost has been calculated for a given grant of options, the Directors cannot influence the share-based payment charge incurred in subsequent years relating to that grant; also the value of the share option to the employee differs considerably in value and timing from the actual cash cost to the Group.

EBITDA (and adjusted EPS) are financial measures that are not defined or recognised under IFRS and should not be considered as an alternatives to other indicators of the Group's operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Accordingly, these non-IFRS measures should be viewed as supplemental to, but not as a substitute for, measures presented in this Annual Report and Accounts. Information regarding these measures is sometimes used by investors to evaluate the efficiency of an entity's operations; however, there are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

9 Auditor's remuneration

Year to 31 March	**2020**	**2019**
	£'000	£'000
Charged in the financial year:		
Audit of the financial statements of Byotrol Plc	30	30
Amounts receivable by auditor in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	61	25
Other services	-	1
	91	**56**
Amounts expensed relating to prior year	(61)	61
Total expense relating to year	**30**	**117**

10 Staff costs

Year to 31 March	2020	2019
	£'000	£'000
Wages and salaries	1,544	1,346
Social security contributions	184	153
Other pension costs	51	34
Less: amounts capitalised as intangible assets	(192)	(93)
	1,587	**1,440**

The average number of persons employed by the Company during the period was:

Year to 31 March	2020	2019
Directors	3	2
Research and development	9	7
Sales	10	12
Administration	11	7
	33	**28**

11 Directors' remuneration and transactions

The Directors' emoluments in the year ended 31 March 2020 were:

	Basic salary or fee 2020 £'000	Benefits in kind 2020 £'000	Total 2020 £'000	Total 2019 £'000
Executive Directors				
T. Francis	83	-	**83**	99
N. Hellyer	55	5	**60**	-
D. Traynor	132	3	**135**	134
Non-Executive Directors				
S. Gogarty	34	-	**34**	6
J. Langlands	40	-	**40**	40
T. Medinger	24	-	**24**	24
	368	**8**	**376**	**303**

Nic Hellyer was appointed to the board on 28 May 2019.

The remuneration of the executive Directors is decided by the Remuneration Committee. Included in the above, Sean Gogarty carried out consultancy work for the Group for which he received fees of £8,500. Save as disclosed, no Director had a material interest in any contract of significance with the Group in either year.

12 Share-based payments

The Company has granted equity-settled share options to certain directors and employees. Exercise prices of options granted are set to be equal to or more than the market value of the shares at the date of grant. Option granted have a life of 10 years.

Options outstanding

At 31 March 2020 there were options outstanding over 36,939,500 (2019: 41,448,250) ordinary shares of 0.25p each which are exercisable at prices in the range from 2.0p to 17.5p under the Company's various share option schemes, at various times until 21 July 2025. Options outstanding at 31 March 2020 had a weighted average exercise price of 3.70p (2019: 4.90p) and a weighted average remaining contractual life of 3.7 years (2019: 4.1 years).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	No. of options		Average exercise price	
	2020	**2019**	**2020**	**2019**
Outstanding at the beginning of the year	41,448,250	39,339,250	4.90p	5.19p
Granted during the year	4,000,000	5,000,000	2.00p	2.04p
Forfeited/cancelled during the year	(8,508,750)	(2,891,000)	8.90p	3.77p
Exchanged for shares	-	-	-	-
Outstanding at the end of the year	**36,939,500**	**41,448,250**	**3.70p**	**4.90p**

Options outstanding at the end of the year have a weighted average remaining contractual life of 3.7 years.

The exercise prices of options outstanding fall in the following ranges:

Range	**Number of options**
2.0 – 3.0p	9,000,000
3.1 – 4.0p	18,909,500
4.1 – 5.0p	7,470,000
6.0 – 7.0p	1,260,000
17.5p	300,000
	36,939,500

Options issued during the year

The fair values of share options issued in the year was derived using a Black Scholes model. The following key assumptions were used in the calculations:

Scheme	**EMI Scheme 21 January 2020**	**Executive Scheme 15 May 2019**
Exercise price	2.00p	2.10p
Share price at grant date	1.63p	2.65p
Risk free rate	0.39 - 0.50%	0.73 - 0.77%
Volatility	60%	55%
Expected life	1.5 - 4.5 years	3.2 – 5.2years
Fair Value	0.47 - 0.66p	1.15 – 1.27p

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The number of options exercisable at 31 March 2020 is 14,933,725 (2019: 7,200,000).

The Group recognised the following expense related to share based payments:

	2020 £'000	2019 £'000
Charged to Consolidated Statement of Comprehensive Income	47	60

Of this amount, £21,000 (2019: £48,000) relates to costs of share options issued to subsidiary employees.

The share price per share at 31 March 2020 was 5.43p (31 March 2019: 2.40p).

13 Finance income

	2020 £'000	2019 £'000
Interest receivable on interest-bearing deposits	26	21
Notional interest accruing on contracts with a significant financing component	33	20
Total finance income	**59**	**41**

14 Finance expense

	2020 £'000	2019 £'000
Interest and finance charges paid or payable on borrowings	45	13
Interest on lease liabilities under IFRS 16	3	-
Acquisition-related financing expense (unwinding of discount on financial liabilities)	80	67
Total finance expense	**128**	**80**

15 Taxation

Tax on profit on ordinary activities

Year to 31 March	**2020** £'000	**2019** £'000
Current tax		
UK corporation tax charge/(credit) on profit for the current year	-	13
UK corporation tax charge/(credit) on Other Comprehensive Income	-	-
Total current income tax	**-**	**13**
Deferred tax		
(Recognition) of deferred tax asset arising from temporary differences	(330)	-
(Reversal) of deferred tax liability	(47)	(24)
Total deferred income tax	**(377)**	**(24)**
Total income tax expense/(credit) recognised in the year	**(377)**	**(11)**

Reconciliation of the total tax charge

The effective tax rate in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19% (2019: lower). A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate is as follows:

Year to 31 March	**2020** £'000	**2019** £'000
Profit/(loss) before taxation	**(43)**	**341**
Tax charge/(credit) at the applicable rate of 19%	(8)	65
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Fixed asset differences	(8)	-
Expenses not deductible for tax purposes and other permanent items	94	8
Income not taxable and other permanent items	(23)	-
Movement in fair value of contingent consideration not taxable	(84)	-
Surrender of tax losses for R&D tax credit refund	173	153
Additional deduction for R&D tax expenditure	(100)	(89)
Overseas taxation at different rates	(5)	-
Tax losses utilised	-	(124)
Reversal/(recognition) of deferred tax asset	(377)	(24)
Deferred tax not recognised	(39)	-
Income tax expense/(credit) recognised for the current year	**(377)**	**(11)**

The tax effect of exchange differences recorded within the Group Statement of Comprehensive Income is nil (2019: £nil).

Temporary differences associated with Group investments

At 31 March 2020, there was no recognised deferred tax liability (2019: £nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

Factors affecting future tax charges

The Finance Act 2018, which was approved on 15 September 2018, reduced the UK corporation tax rate by 2% from the current 19% to 17% with effect from 1 April 2020. However, the Government substantively enacted the corporation tax rate change from the proposed 17% back to 19% through the mechanism provided for by The Provisional Collection of Taxes Act 1968 mechanism on 17 March 2020. Accordingly the deferred tax balances within these financial statements have been assessed to reflect these rates within the period that any related timing difference is expected to reverse.

16 Earnings

Reported earnings per share

Basic earnings per share (“EPS”) amounts are calculated by dividing net profit or loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

The following sets out the earnings and share data used in the basic and diluted earnings per share computations:

Year to 31 March	**2020**	**2019**
	£’000	£’000
Profit attributable to equity holders of the parent:		
Profit attributable to ordinary equity holders of the parent for basic earnings	**334**	**352**
Weighted number of ordinary shares in issue	432,424,400	419,742,597
Effect of dilutive potential ordinary shares	703,183	191,327
	433,127,583	419,933,924
Earnings per share attributable to shareholders - basic	**0.08p**	**0.08p**
Earnings per share attributable to shareholders - diluted	**0.08p**	**0.08p**

The Group has one category of security potentially dilutive to ordinary shares in issue, being those share options granted to employees where the exercise price (plus the remaining expected charge to profit under IFRS 2) is less than the average price of the Company's ordinary shares during the period in issue. The weighted average number of shares for the calculation of diluted earnings per share is computed using the treasury share method.

Adjusted earnings per share

Adjusted earnings per share is calculated as follows:

	2020	2019
	£'000	£'000
Profit attributable to ordinary equity holders of the parent for basic earnings	**334**	**352**
Adjusting items:		
- exceptional items (see note 7)	(382)	57
- share-based payments	47	60
- finance expense on liabilities relating to contingent consideration	80	67
- amortisation of acquisition-related intangibles	243	147
- deferred tax credit arising from acquisition-related intangibles	(47)	(24)
Adjusted earnings attributable to owners of the Parent	**275**	**659**
Weighted number of ordinary shares in issue		
- basic	432,424,400	419,742,597
- diluted	433,127,583	419,933,924
Adjusted earnings per share attributable to shareholders		
- basic	**0.06p**	**0.16p**
- diluted	**0.06p**	**0.16p**

The criteria for inclusion of adjusting items in the calculation of adjusted EPS are the same as those relating to the calculation of adjusted EBITDA as set out in Note 8. Additionally, finance expense on liabilities relating to contingent consideration are non-cash costs reflecting the time value of money in arriving at the fair value of such liabilities and the effluxion of time over the period for which they are outstanding. Amortisation of acquisition-related intangibles (and the associated tax credit) relates to the amortisation of intangible assets in respect of customer relationships and brands which are recognised on a business combination and are non-cash in nature.

An adjustment has been made to the reported 31 March 2019 weighted average number of shares in issue (basic and diluted) to correct an error in the underlying calculation. Net assets and profits are unaffected by this adjustment.

17 Group investments

The Company has investments in the following subsidiary and associate undertakings, which contribute to the net assets of the Group:

Subsidiary undertakings	Country of incorporation and operation	Registered office	Principal activity	Interest held by the Company
Byotrol Inc.	USA	PO Box 18514, Atlanta, Georgia, 30326, USA	Sale of anti-microbial products	100% of members' capital
Byotrol Consumer Products Limited	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Sale of anti-microbial products	100% ordinary shares
Byotrol Technology Limited	UK	Riverside Works, Collyhurst Road, Manchester, M40 7RU	Sale of anti-microbial products	100% ordinary shares
Byotrol Ventures Limited	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Dormant	100% ordinary shares
Chemgene Solutions Limited	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Dormant	100% ordinary shares
Ebiox Limited*	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Sale of anti-microbial products	100% ordinary shares
Medichem International Limited**	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Ownership of patents and registrations	50% ordinary shares
Medimark Scientific Limited		Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Sale of anti-microbial products	100% ordinary shares
Medimauve Limited*	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Dormant	50% ordinary shares
Winchpharma (Consumer Healthcare) Limited	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Sale of anti-microbial products	100% ordinary shares

* Held indirectly via Medimark Scientific Limited
** 50% owned by Medimark Scientific Limited

18 Dividends paid and proposed

No dividends were declared or paid during the year and no dividends will be proposed for approval at the AGM (2019: none).

19 Intangible assets

Intangible assets comprise capitalised development costs (in relation to internally generated technology, products and processes and those acquired through business combinations), acquired customer relationships, acquired brands, patents and licenses, and goodwill.

An analysis of goodwill and other intangible assets is as follows:

Year to 31 March 2020	Development costs £'000	Patents and licenses £'000	Customer relationships £'000	Brands £'000	Framework access rights £'000	Goodwill £'000	**Total £'000**
Cost							
At 1 April 2019	958	734	1,861	567	114	502	**4,736**
Additions	249	46	-	-	-	-	**295**
At 31 March 2020	1,207	780	1,861	567	114	502	**5,031**
Amortisation and impairment							
At 1 April 2019	(109)	(504)	(113)	(34)	(114)	-	**(874)**
Amortisation charge	(119)	(61)	(186)	(57)	-	-	**(423)**
Impairment charge	(43)	-	-	-	-	-	**(43)**
At 31 March 2020	(271)	(565)	(299)	(91)	(114)	-	**(1,340)**
Net carrying amount							
At 31 March 2020	**936**	**215**	**1,562**	**476**	**-**	**502**	**3,691**
At 1 April 2019	*849*	*230*	*1,748*	*533*	-	*502*	*3,862*

Year to 31 March 2019	Development costs £'000	Patents and licenses £'000	Customer relationships £'000	Brands £'000	Framework access rights £'000	Goodwill £'000	**Total £'000**
Cost							
At 1 April 2018	378	826	-	-	114	-	**1,318**
Additions	226	57	-	-	-	-	**283**
Created as a result of a business combination	-	-	-	-	-	502	**502**
Acquired as part of a business combination	501	-	1,861	567	-	-	**2,929**
Disposal	(147)	(149)	-	-	-	-	**(296)**
At 31 March 2019	958	734	1,861	567	114	502	**4,736**
Amortisation or impairment							
At 1 April 2018	(79)	(497)	-	-	(56)	-	**(632)**
Charge for the year	(177)	(156)	(113)	(34)	(58)	-	**(538)**
Disposal	147	149	-	-			**296**
At 31 March 2019	(109)	(504)	(113)	(34)	(114)	-	**(874)**
Net carrying amount							
At 31 March 2019	**849**	**230**	**1,748**	**533**	**-**	**502**	**3,862**
At 1 April 2018	***299***	***329***	***-***	***-***	***58***	***-***	***686***

Amortisation is charged to the profit and loss account under Administrative Expenses.

Development costs

Development costs comprise capitalised staff costs (and allocable related direct costs) associated with the development of new products and services which will be saleable to more than one customer.

Patents

Patent costs represent the capitalised value of work undertaken (either internally or externally by appropriate legal or other consultants) to develop and protect patents, know-how and other similar assets.

Customer relationships

Customer relationships as stated were acquired as a result of the Medimark Acquisition.

Goodwill

Goodwill arose as a result of the Medimark Acquisition. It is assessed as having an indefinite life but the Group tests whether goodwill has suffered any impairment on an annual basis. The Medimark CGU comprises the brands, contracts and customer relationships acquired as part of the Medimark Acquisition, as well as certain IP and the related workforce. The goodwill relating to this CGU was tested for impairment at 31 March 2020 by comparing the carrying value of the CGU with the recoverable amount. The recoverable amount was determined using a value in use methodology based on discounted cash flow projections. The key assumptions used in the value in use calculations were as follows:

(i) The operating cash flows for this business for the years to 31 March 2021 and 2022 are taken from the budget approved by the Board which is closely linked with recent historical performance and current expected levels of activity. The operating cash flow budget is most sensitive to sales and the associated gross margins;

(ii) Growth has been assumed in operating cash flows for the remainder of the value in use such that a consistent pre-tax margin is maintained over the calculation period. Revenue growth after 5 years is forecast at nil% in local currency terms;

(iii) A pre-tax discount rate of approximately 6% has been used (being the Weighted Average Cost of Capital); and

(iv) The use of cash flow projections over longer than a 5-year period is considered appropriate as the business has a strong customer base, branded products and the Group continues to invest in the development of the products via this CGU

Sensitivity to changes in assumptions

The key assumptions for the value in use calculations are those regarding growth rates, discount rates and expected changes to selling prices and direct costs during the period. Changes in selling prices and direct costs, if any, are based on expectations of future changes in the market. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money.

The Group has conducted sensitivity analyses on the impairment test of the goodwill's carrying value which reflects the risk profile of the Medimark CGU. The Group believes that there are no reasonably possible changes to the key assumptions in the next year which would result in the carrying amount of goodwill exceeding the recoverable amount. This view is based upon inherently judgemental assumptions; however, it takes account of the headroom in the Value-in-Use calculation versus the current carrying value and the Board is confident that the assumptions in respect of operating cash flows remain appropriate

Conclusion

The Directors have concluded that, based on the above, recoverable value exceeds the carrying value of the goodwill at 31 March 2020.

Notes to the Financial Statements (continued)

For the year ended 31 March 2020

20 Tangible assets

Year to 31 March 2020	Computer equipment £'000	Plant and machinery £'000	**Total** **£'000**
Cost			
At 1 April 2019	69	114	**183**
Additions	3	21	**24**
At 31 March 2020	72	135	**207**
Depreciation			
At 1 April 2020	(44)	(81)	**(125)**
Charge for the year	(16)	(12)	**(28)**
At 31 March 2020	(60)	(93)	**(153)**
Net carrying amount			
At 31 March 2020	**12**	**42**	**54**
At 1 April 2019	*25*	*33*	*58*

Year to 31 March 2019	Computer equipment £'000	Plant and machinery £'000	**Total** **£'000**
Cost			
At 1 April 2018	52	94	146
Additions	3	20	23
Acquired as part of a business combination	14	-	14
At 31 March 2019	69	114	**183**
Depreciation			
At 1 April 2018	(28)	(73)	(101)
Charge for the year	(16)	(8)	(24)
At 31 March 2019	(44)	(81)	**(125)**
Net carrying amount			
At 31 March 2019	**25**	**33**	**58**
At 1 April 2018	*27*	*3*	*30*

21 Right-of-use assets

As disclosed further in Note 2, the Group has adopted IFRS 16 in the year. On transition to IFRS 16, the Group recognised an additional £108,000 of right-to-use assets and £109,000 of lease liabilities, recognising the difference in retained earnings as follows (the corresponding impact on profit and loss is set out in Note 6):

	As at 31 March 2019 £'000	IFRS 16 adjustments £'000	As at 1 April 2019 £'000
Right-of-use assets	-	108	108
Net impact on total assets	**-**	**108**	**108**
Lease liabilities	-	(109)	(109)
Net impact on total liabilities	**-**	**(109)**	**(109)**
Retained earnings	-	1	1
Net impact on total liabilities and equity	**-**	**(108)**	**(108)**

A reconciliation to operating lease commitments as disclosed in the Group's financial statements for the year ended 31 March 2019 to lease liabilities recognised at 1 April 2019 is as follows:

	As at 1 April 2019 £'000
Operating lease commitments as disclosed in the Group's consolidated financial statements	*56*
Commitments discounted at imputed cost of borrowing	53
Extension options exercised in the year	55
Lease liabilities recognised at 1 April 2019	**108**

Right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Right-of-use assets comprise leases over office buildings and vehicles as follows:

	Office buildings £'000	Vehicles £'000	**Total** £'000
Cost			
At 1 April 2019	-	-	**-**
Effect of change of accounting policy (IFRS 16)	103	47	**150**
Additions in the period	-	-	**-**
At 31 March 2020	103	47	**150**
Depreciation			
At 1 April 2019	-	-	**-**
Effect of change of accounting policy	(29)	(13)	**(42)**
Charge for the period	(23)	(16)	**(39)**
At 31 March 2020	(52)	(29)	**(81)**
Net carrying amount			
At 31 March 2020	**51**	**18**	**69**
At 1 April 2019	-	-	-

22 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period:

Recognised deferred tax assets

	Business combinations £'000	Tax losses £'000	Share-based payments £'000	**Total** £'000
At 1 April 2018	-	-	-	**-**
Recognised on business combinations	13			**13**
Recognised in profit or loss	-	-	-	**-**
Recognised in other comprehensive income	-	-	-	**-**
Recognised directly in equity	-	-	-	**-**
Utilised against current tax charge	(13)	-	-	**(13)**
At 31 March 2019	-	-	-	**-**
At 1 April 2019	-	-	-	**-**
Recognised on business combinations	-			**-**
Recognised in profit or loss	-	330	-	**330**
Recognised in other comprehensive income	-	-	-	**-**
Recognised directly in equity	-	-	101	**101**
Utilised against current tax charge	-	-	-	**-**
At 31 March 2020	**-**	**330**	**101**	**431**

Deferred income tax assets have only been recognised to the extent that it is considered probable that they can be recovered against future taxable profits based on profit forecasts for the foreseeable future. The deferred income tax assets at 31 March 2020 above are expected to be utilised in less than one year.

At 31 March 2020 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £3.57m (2019: £3.26m).

Deferred tax liabilities

	2020 £'000	2019 £'000
At 1 April	**441**	**-**
Recognised on business combinations	-	465
Recognised in profit or loss	(47)	(24)
At 31 March	**394**	**441**
Comprising:		
Amounts recognised on intangible assets arising on consolidation	394	441
	394	**441**

23 Inventories

	2020 £'000	2019 £'000
Raw materials and consumables	71	22
Finished goods and goods for resale	214	394
	285	**416**

Included above are inventories of £nil (2019: £nil) carried at net realisable value. Inventories recognised as an expense during the year ended 31 March 2020 amounted to £2.41m (2019: £1.72m). These are included in cost of sales in the Consolidated Statement of Comprehensive Income.

Write-downs of inventories to net realisable value amounted to £13,000 (2019: £7,000). These were recognised as an expense during the year ended 31 March 2020 and included in cost of sales in the Consolidated Statement of Comprehensive Income. No earlier write downs were reversed during the current or preceding period.

24 Trade and other receivables

At 31 March	2020 £'000	2019 £'000
Trade receivables – product sales	1,223	932
Prepayments	264	273
Other receivables	132	293
Other tax repayable	19	23
Current portion of long-term trade receivables (IP sales)	547	275
Total other assets	**2,185**	**1,796**

Trade terms, credit risk and impairments

The Group's exposure to credit risk equates to the carrying value of cash held on deposit and trade and other receivables and contract assets. The Group's credit risk is primarily attributable to trade receivables and contract assets, and management has a credit policy in place to ensure exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers as deemed necessary based on, inter alia, the nature of the prospect and size of order.

Unless specific agreement has been reached with individual customers, sales invoices are typically due for payment between 30 and 60 days after the date of the invoice; where customers delay making payment, an assessment of the potential loss of customer goodwill arising from the enforcement of contractual payment terms may take place when considering actions to be taken to secure payment. Trade receivables include amounts that are past due at the reporting date for which no specific impairment provision has been recognised as these amounts are still considered to be recoverable. The Group does not require collateral in respect of financial assets.

As outlined in Note 2, the Group recognises impairments under IFRS 9 for relevant classes of assets. The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of a provision matrix to measure the lifetime expected losses. To measure the expected credit losses, trade receivables have been grouped on shared credit risk characteristics and the days past due. The expected loss rates are based on representative historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. Taking this and specific impairments into account, a loss allowance for expected credit losses has been recorded as follows:

	2020	**2019**
	£'000	£'000
Loss allowance at 1 April	100	86
Amounts written off	(73)	(2)
Amounts recovered	(27)	(25)
Specific impairment charge	10	16
Additional expected credit loss provision	25	25
Loss allowance at 31 March	**34**	**100**

Aged analysis of trade receivables

At 31 March 2020	Current	0-30 days	31-60 days	61-90 days	91-120 days	Over 120 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Gross	953	207	8	25	-	65	**1,258**
Specific impairment	-	-	-	-	-	(10)	**(10)**
Additional expected credit loss provision	(7)	(2)	(1)	(2)	-	(13)	**(25)**
	946	205	7	23	-	42	**1,223**

At 31 March 2019	Current	0-30 days	31-60 days	61-90 days	91-120 days	Over 120 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Gross	630	157	38	50	27	130	**1,032**
Specific impairment	-	-	-	-	-	(75)	**(75)**
Additional expected credit loss provision	-	(1)	(2)	(5)	(7)	(10)	**(25)**
	630	156	36	45	20	45	**932**

The additional expected credit loss provision for trade receivables as at 31 March 2020 is determined as follows:

	Expected loss rate	Carrying amount after specific provision £'000	Additional expected credit loss £'000
Not past due	0.7%	953	7
Past due up to 30 days	1.1%	207	2
Past due between 30 and 60 days	3.6%	8	1
Past due between 61 and 90 days	8.1%	25	2
Past due between 91 and 120 days	15.5%	-	-
Past due after 120 days	19.3%	65	13
		1,258	**25**

As at 31 March 2020 £509,000 (2019: £285,000) of trade receivables had been sold to a provider of invoice discounting and debt factoring services. The Group is committed to underwrite any of the debts transferred and therefore continues to recognise the debts sold within trade receivables until the debtors repay or default. The proceeds from transferring the debtors of £295,000 (2018: £245,000) are included in other financial liabilities until the debts are collected.

Non-current trade receivables

Non-current trade receivables arise most typically for the Group in sales or licenses of IP and/or know-how where the consideration is structured as a series of fixed payments (i.e. "minimum guaranteed amounts"; in addition to such payments there are usually royalty or similar payments due relating to some measure of (for example) sales made by the purchaser of the IP using the relevant products and/or in the relevant geography). Such payments may extend over several years. Under IFRS 15, if the contract is a "right to use" contract, then the upfront and fixed payments are recognised on transfer of the license or IP at their aggregate present value using an imputed cost of funds. Longer term contracts which give rise to such assets may contain continuing obligations on the part of Byotrol (for example, to provide updates or improvements to the IP transferred to the extent achieved) but such obligations are typically immaterial to the contract overall.

Current portion of long-term trade receivables	**2020**	**2019**
	£'000	£'000
At 1 April	275	-
Recognised in the period, net of cash received	96	275
Transfer from non-current trade receivables	176	-
At 31 March	**547**	**275**

Due after one year	2020	2019
	£'000	£'000
At 1 April	176	-
Recognised in the period	714	176
Transfer to current	(176)	-
A 31 March	**714**	**176**

No impairments have been made in respect of long-term trade receivables recognised as at the balance sheet date.

The Directors have reconsidered the presentation of certain assets shown as contract assets in the financial statements for the year ended 31 March 2019 and have concluded that they are better presented as trade receivables; accordingly these assets (amounting to £0.18m non-current and £0.27m current assets) have been represented as trade receivables above.

25 Lease liabilities

Lease liabilities comprise liabilities arising from the committed and expected payments on leases over office buildings and vehicles.

Amounts due in less than one year	Office buildings £'000	Vehicles £'000	**Total** £'000
At 1 April 2019	-	-	**-**
Effect of change of accounting policy	23	16	**39**
Leases taken on in the period	-	-	**-**
Repayments of principal	(23)	(16)	**(39)**
Transfer from long-term to short-term	24	15	**39**
At 31 March 2020	**24**	**15**	**39**

Amounts due in more than one year	Office buildings £'000	Vehicles £'000	**Total** £'000
At 1 April 2019	-	-	**-**
Effect of change of accounting policy	53	17	**70**
Leases taken on in the period	-	-	**-**
Transfer from long-term to short-term	(24)	(15)	**(39)**
At 31 March 2020	**29**	**2**	**31**

26 Other financial liabilities

As at 31 March	**2020**	**2019**
	£'000	£'000
Contingent consideration relating to the Medimark Acquisition		
- potentially due within one year	-	520
- potentially due after one year	-	297
	-	**817**

The contingent consideration potentially due to the vendors of Medimark was settled on 28 January 2020 (see Note 7).

27 Trade and other payables

At 31 March	2020	2019
	£'000	£'000
Due within a year		
Trade payables	828	842
Social security and other taxes	119	45
Accruals and deferred income	372	306
Total trade and other payables	**1,319**	**1,193**

The average credit period taken for trade purchases is between 30 and 60 days. Most suppliers do not charge interest on trade payables for the first 30 days from the date of the invoice. The Group has risk management policies in place to ensure that all payables are paid within the appropriate credit time frame. The Directors consider that the carrying amount of trade payables approximates to their fair value.

Accruals comprise around £0.16m of accrued expenses plus £0.21m of customer payments received in advance.

28 Loans and borrowings

Loans and borrowings comprise:

At 31 March	2020	2019
	£'000	£'000
Current liabilities		
Invoice discounting facility	296	245
	296	245

Reconciliation between opening and closing balances for liabilities resulting in financing cash flows

	1 April 2020	Effect of change of accounting policy (IFRS 16)	Transfer from non-current to current	Cash flows - net (repayments) and drawdowns	**31 March 2020**
	£'000	£'000	£'000	£'000	£'000
Non-current liabilities					
Lease liabilities	-	70	(39)	-	31
Current liabilities					
Invoice discounting facility	245	-	-	51	296
Lease liabilities	-	39	39	(39)	39
Total	**245**	**109**	**-**	**12**	**366**

The Directors consider that the carrying amount of borrowings approximates to their fair value.

29 Share capital and reserves

Share capital and share premium

Share capital represents the nominal value of ordinary shares issued and fully paid. Share premium represents the excess of funds raised from the placing of equity shares over the nominal value of the shares after deducting directly attributable placing costs.

Ordinary shares of 0.25p each (issued and fully paid)	£'000	Number
At 1 April 2018	1,007	402,836,471
Issued as consideration for business combination during the year	70	28,048,800
At 31 March 2019	**1,077**	**430,885,271**
Issued as consideration for business combination during the year	24	9,363,034
At 31 March 2020	**1,101**	**440,248,305**

The Ordinary Shares have full equal voting rights, equal participation in dividends, equal participation in distribution on winding up with no redemption rights.

Reserves

The nature and purpose of each of the reserves included within equity is as follows:

Merger reserve

The merger reserve was established in respect of historic acquisitions which qualified for Section 131 merger relief.

Retained earnings

Retained earnings reserve represent accumulated losses to date.

30 Financial instruments

Financial risk management

The Group's principal financial instruments are cash, trade receivables, borrowings, trade payables and (in 2019) contingent consideration payable in respect of an acquisition. The Group therefore has exposure to certain risks from its use of financial instruments unrelated to the performance of the Group itself. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance and such risk management is carried out by the Directors.

The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk, as explained below.

- Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign currency movements:

  Interest rate risk - the Group is exposed to interest rate risk arising on cash and cash equivalent balances and bank loans and overdrafts in the prior year. The Group does not consider that it is significantly exposed to interest rate risk, either in the current or prior year, and therefore an interest rate sensitivity analysis is not presented

  Foreign exchange risk - the Group operates in a number of markets across the world and is exposed to foreign exchange risk arising from various currency exposures, principally the US dollar and the Euro. The Group is exposed to foreign currency risk arising from recognised assets and liabilities as well as commitments arising from future trading transactions. Although the countries that the Group trades with have relatively stable economies, management has set up a policy which requires Group companies to manage their foreign exchange risk against their functional currency by closely monitoring spot rate to balance inflows and outflows. A sensitivity analysis of the Group's foreign exchange exposure is not presented as the risk is considered to be insignificant

- Credit risk arises from the Group holding cash and cash equivalents and trade and other receivables. As these instruments are conventional risks, they are managed on the simple basis of credit terms, credit worthiness and cash collection or settlement. Further details on trade receivables, including analysis of bad debts and ageing, are given in note 24. In order to manage credit risk, the Group sets limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Balances that are beyond agreed terms, are actively followed up to ensure collection

- Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's liquidity risk management and implies maintaining sufficient cash and/or committed borrowing facilities. The Directors monitor rolling forecasts of liquidity, cash and cash equivalents based on expected cash flows, and given that cash resources are held on short-term deposits, total exposure to liquidity risk is not considered material to the Group

The capital structure of the Group consists of short-term debt (i.e. the invoice discounting facility as described in Note 29, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Group statement of changes in equity. The Group is not subject to any externally imposed capital requirements and the objective when managing capital is to maintain adequate financial flexibility to preserve the ability to meet financial obligations, both current and long term - the resulting capital structure is managed and adjusted to reflect changes in economic conditions and with a view to maximising the return to shareholders through optimisation of the balance of debt and equity. Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet commitments and development plans. There was no change in the Group's approach to capital management during the financial period under review.

Classification of financial instruments

	Group 2020 £'000	**Group 2019 £'000**
Financial assets at amortised cost		
Trade receivables	2,852	1,972
Cash	1,712	2,797
Financial liabilities at amortised cost		
Trade payables	(828)	(842)
Short-term borrowings	(296)	(245)
Other financial liabilities - contingent consideration	-	(817)

Fair values of financial assets and financial liabilities

As at 31 March 2020 and 31 March 2020 there were no material differences between the book value and fair value of the Group's financial assets and liabilities. Given that there are no assets or liabilities measured at fair value, disclosure of fair value measurement techniques applied and level of inputs used is not relevant.

31 Related party transactions

The Directors are deemed to be the only key management personnel of the Group. Their remuneration is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2020 £'000	**2019** £'000
Salaries and fees	359	301
Pension cost and other benefits in kind	8	-
Share-based payments	21	13
Payments in respect of other services	9	2
	397	316

Fees for Till Medinger are paid to Medinger Associates and amounted to £24,000 (2019: £24,000). Fees for Sean Gogarty were paid partly to Grove Strategic Advisors and amounted to £8,500 (2019: £5,667).

Other than disclosed in this note or elsewhere in this financial information as appropriate, no related party transactions have taken place during the year that have materially affected the financial position or performance of the Group.

32 Capital commitments and contingent liabilities

Other than as disclosed above, as at 31 March 2020 the Group had no material capital commitments (2019: nil) nor any contingent liabilities (2019: nil).

33 Events after the reporting date

There have been no events subsequent to the reporting date which would have a material impact on the financial statements.

Company Statement of Financial Position

As at 31 March 2020

	Note	2020 £'000 (audited)	2019 £'000 (audited)
Assets			
Non-current assets			
Investments in subsidiaries	7	3,112	5,330
Other intangible assets		215	230
Right-of-use assets		-	-
Trade receivables		714	176
		4,041	**5,736**
Current assets			
Trade and other receivables	8	2,822	2,487
Cash and cash equivalents		333	1,556
		3,155	**4,043**
Total Assets		**7,196**	**9,779**
Liabilities			
Non-current liabilities			
Other financial liabilities		-	297
		-	**297**
Current liabilities			
Trade and other payables	9	134	202
Other financial liabilities		-	520
		134	**722**
Total Liabilities		**134**	**1,019**
NET ASSETS		**7,062**	**8,760**
Issued share capital and reserves attributable to owners of the parent			
Share capital	10	1,101	1,077
Share premium	10	28,423	28,282
Merger reserve	10	1,065	1,065
Retained earnings	10	(23,527)	(21,664)
TOTAL EQUITY		**7,062**	**8,760**

For the period ended 31 March 2020, the Company recorded a loss of £1.91m (2019: profit £0.99m).

Company statement of financial position

As at 31 March 2020

The financial statements of Byotrol Plc, registered number 05352525, were approved by the board of Directors and authorised for issue on 12 October 2020. They were signed on its behalf by:

David Traynor
Director

Nic Hellyer
Director

The accompanying notes 1 to 13 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital	Share premium	Merger reserve	Retained profits	**Total equity**
	£'000	£'000	£'000	£'000	**£'000**
Balance at 1 April 2018	**1,007**	**27,468**	**1,065**	**(22,714)**	**6,826**
Profit after taxation for the year	-	-	-	990	990
Transactions with owners:					
Shares issued as part of a business combination	70	814	-	-	884
Other:					
Share-based payments	-	-	-	12	12
Share-based payments to employees of subsidiaries	-	-	-	48	**48**
Balance at 31 March 2019	**1,077**	**28,282**	**1,065**	**(21,664)**	**8,760**
Profit after taxation for the year	-	-	-	(1,909)	(1,909)
Shares issued as part of a business combination	24	141	-	-	165
Share-based payments	-	-	-	26	26
Share-based payments to employees of subsidiaries				21	21
Other comprehensive income:					
Exchange differences	-	-	-	(1)	(1)
Balance at 31 March 2020	**1,101**	**28,423**	**1,065**	**(23,527)**	**7,062**

Reserve	**Description and purpose**
Share capital	Nominal value of issued shares
Share premium	Amount subscribed for share capital in excess of nominal value less associated costs
Merger reserve	The merger reserve was established in respect of historic acquisitions which qualified for Section 131 merger relief
Retained earnings	All other net gains and losses not recognised elsewhere

The accompanying notes 1 to 13 are an integral part of these financial statements.

1 Accounting policies

Basis of preparation

The Parent Company financial statements of Byotrol Plc (the "Company") have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework and as required by the Companies Act 2006.

The financial statements have been prepared in UK Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency). The financial statements are prepared under the historical cost convention and were approved for issue on 12 October 2020.

No profit and loss account is presented by the Company as permitted by section 408 of the Companies Act 2006.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly-owned members of the Byotrol Group.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- business combinations;
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- impairment of assets.

Investments in subsidiaries

Investments consist of the Company's subsidiary undertakings. Investments are initially recorded at cost, being the fair value of the consideration given and including directly attributable charges associated with the investment. Subsequently they are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Related party transactions

The Company has taken advantage of the exemption under FRS 101 from disclosing related party transactions with entities that are wholly owned subsidiary undertakings of the Byotrol Group.

2 Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Investments in subsidiary companies

The carrying cost of the Company's investments in subsidiary companies is reviewed at each reporting date by reference to the income that is projected to arise therefrom. From a review of these projections, the Directors have determined that the carrying values of certain subsidiaries at the year end were £nil, and made provisions totalling £2.24m against them, as either their trade is now carried on elsewhere in the Group or otherwise as the Directors believe that the investments concerned will not generate sufficient economic benefits to justify the carrying values.

3 Auditor's remuneration

The figures within the auditors' remuneration note in the Byotrol consolidated financial statements include fees charged by the Company's auditors to Byotrol plc in respect of audit and non-audit services. As such, no separate disclosure has been given above.

4 Directors' remuneration

Information concerning Directors' remuneration can be found in note 11 to the Group financial statements.

5 Share-based payments

Share-based payments associated with share options granted to employees of subsidiaries of the parent company are treated as an expense of the subsidiary company to be settled by equity of the parent company. The share-based payment expense increases the value of the parent company's investment in the subsidiaries and is credited to retained earnings.

6 Dividends paid and proposed

No dividends were declared or paid during the year and no dividends will be proposed for approval at the Annual General Meeting of the Company.

7 Investment in subsidiaries

	2020	2019
	£'000	£'000
At 1 April	5,330	2,674
Investment in the period		
Acquisition of subsidiary		
- initial consideration paid in cash	-	974
- initial consideration settled by issue of equity	-	884
- contingent purchase consideration paid in cash, estimated at fair value on acquisition	-	478
- contingent purchase consideration settled in equity, estimated at fair value on acquisition	-	272
Issue of share options to employees of subsidiaries	21	48
less: impairment	(2,239)	-
At 31 March	**3,112**	**5,330**

8 Trade and other receivables

	2020	2019
	£'000	£'000
Due within a year		
Trade receivables	336	-
Short-term portion of long-term trade receivables	247	275
Other receivables and prepayments	27	71
Intra-Group receivables	2,212	2,141
Total trade and other receivables	**2,822**	**2,487**

9 Trade and other payables

	2020	2019
	£'000	£'000
Due within a year		
Trade payables	74	125
Other payables	60	74
Amounts due to related parties	-	3
Total trade and other payables	**134**	**202**

10 Reserves

Share capital

The balance classified as share capital represents the nominal value arising from the issue of the Company's equity share capital, comprising 0.25 pence ordinary shares. On 30 January 2020 the Company issued 9,363,034 new ordinary shares in the Company in full and final settlement of the potential amounts outstanding under the terms of the sale and purchase agreement with the vendors of Medimark. The shares were issued at a deemed fair value of 1.75 pence resulting in a credit of £23,408 to share capital and £140,445 to share premium.

Share premium

The balance classified as share premium represents the premium arising from the issue of the Company's equity share capital, comprising 2.5 pence ordinary shares, net of share issue expenses. There are restrictions on the use of the Share Premium Account. It can only be used for bonus issues, to provide for the premium payable on redemption of debentures, or to write off preliminary expenses, or expenses of, or commissions paid on, or discounts allowed on, the same issues of shares or debentures of the Company.

Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

11 Capital commitments and contingent liabilities

Other than as disclosed in the Group financial statements, as at 31 March 2020 the Group had no material capital commitments nor any contingent liabilities (2019: £nil)

12 Events after the reporting date

On 2 July, the Board of the Company resolved that the obligation to repay the sum of £10,259,179 (as at 31 March 2020) loaned to Byotrol Technologies Limited by the Company by way of inter-company loan be cancelled with no further obligation/right on the part of either party to pay or receive interest.. This amount had already been written off and was recorded in the balance sheet at nil value; accordingly profits and reserves were unaffected.

There have been no other significant events which have occurred subsequent to the reporting date.

13 Related parties

The Company is exempt from disclosing transactions within the wholly owned subsidiaries in the Group. Other related party transactions are included within those disclosed in the Group consolidated financial statements.