

Company Registration No. 08236413 (England and Wales)

MRN INFLECTION LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

MRN INFLECTION LTD

COMPANY INFORMATION

Directors	Dr G Wylie Dr E Wylie Mr D E Cook Mr R Wilson	(Appointed 30 November 2018)
Secretary	Mrs S Ayres	
Company number	08236413	
Registered office	Talon House Presley Way Crownhill Milton Keynes Buckinghamshire UK MK8 0ES	
Auditor	Baldwins Audit Services 6th Floor, Bank House Cherry Street Birmingham B2 5AL	
Business address	Talon House Presley Way Crownhill Milton Keynes Buckinghamshire UK MK8 0ES	

MRN INFLECTION LTD

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Profit and loss account	8
Statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Company statement of cash flows	15
Notes to the financial statements	16 - 37

MRN INFLECTION LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

The principal activity of the group continued to be that of the provision of clinical trial support during the year. It is the group's aim to create services to provide a platform for mainstream implementation of community-based clinical trials by 2020 which are designed to speed up clinical trials and make them efficient, bringing drugs to the market quicker.

The turnover for the group has increased by 17.7% this year (based on apportioning 2017 to 12 months), and the company continues in a good position to continue its growth in the upcoming financial year. The operating loss in the 12 months to Dec 2018 resulted from the Board's ongoing growth strategy to re-invest the majority of prior year earnings particularly in people and IT.

It is the director's aim to continue to grow the group within the UK, USA, Europe and in due course the Far East. The Board aims to continue to deliver year on year increased turnover in 2019 and in the following years.

Principal risks and uncertainties

The key business risks and uncertainties affecting the group are considered to relate to competition within the market, availability of qualified nurses, retention of other staff members and the economic environment surrounding the clinical trials. The specific risks associated with Brexit have been reviewed and the Board has in place plans to mitigate any potential adverse impact. All significant risks are managed by directors and senior management within the group.

Key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the group, these being turnover, gross profit, net profit before tax and net assets.

The group's key financial and other performance indicators during the year were as follows:

Turnover £15,799,329
Operating Loss £263,244
Net Loss Before Tax £806,682
Net Assets £1,418,112

On behalf of the board

.....
Dr G Wylie
Director
.....

MRN INFLECTION LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the group continued to be that of the provision of clinical trial support.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr G Wylie

Dr E Wylie

Mr D E Cook

Mr R Wilson

(Appointed 30 November 2018)

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £286,000. The directors do not recommend payment of a further dividend.

Financial instruments

Treasury operations and Financial instruments

The group operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the group's activities.

Liquidity risk

The group manages its cash and borrowing requirements to ensure the group has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

Foreign currency risk

The group's principal foreign currency exposures arise from trading with overseas companies. The group has significant trade in US Dollars. Group policy is to hedge foreign currency exposure in order to fix the cost in sterling, this will continue for the foreseeable future.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and customer due diligence is undertaken on a risk based approach. The Group operates strict credit limits with its customers and has reduced risk by maintaining credit insurance. Provision is made for doubtful debts where necessary.

Post reporting date events

On 25th March 2019, the company incorporated a subsidiary in Germany to expand its activities into new territories.

MRN INFLECTION LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Future developments

The directors aim to maintain the current trade with increased turnover and profitability for future periods.

Auditor

The auditor, Baldwins Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Dr G Wylie

Director

31 October 2019

MRN INFLECTION LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company, and of the profit or loss of the group for that period. 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MRN INFLECTION LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRN INFLECTION LTD

Opinion

We have audited the financial statements of MRN Inflection Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

MRN INFLECTION LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MRN INFLECTION LTD

Opinions 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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 directors

As explained more fully in the Directors' Responsibilities Statement, 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 the 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: <http://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.

MRN INFLECTION LTD

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF MRN INFLECTION LTD**

**John Edwards ACA (Senior Statutory Auditor)
For and on behalf of Baldwins Audit Services
Statutory Auditor**

26 November 2019
**6th Floor, Bank House
Cherry Street
Birmingham
B2 5AL**

MRN INFLECTION LTD

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31 December 2018 £	14 Months ended 31 December 2017 £
Turnover	3	15,799,329	15,662,892
Cost of sales		(6,921,214)	(7,568,918)
Gross profit		8,878,115	8,093,974
Administrative expenses		(9,304,344)	(7,286,720)
Other operating income		162,985	263,929
Operating (loss)/profit	4	(263,244)	1,071,183
Interest receivable and similar income	9	6	2
Interest payable and similar expenses	10	(101,120)	(93,883)
Fair value gains and losses on foreign exchange contracts	8	(442,324)	86,878
(Loss)/profit before taxation		(806,682)	1,064,180
Tax on (loss)/profit	11	11,327	(199,334)
(Loss)/profit for the financial year	29	(795,355)	864,846

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

MRN INFLECTION LTD

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31 December 2018	14 Months ended 31 December 2017
	£	£
(Loss)/profit for the year	(795,355)	864,846
Other comprehensive income	-	-
Total comprehensive income for the year	(795,355)	864,846

Total comprehensive income for the year is all attributable to the owners of the parent company.

MRN INFLECTION LTD

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	13		220,130		129,317
Tangible assets	14		380,091		327,110
			<u>600,221</u>		<u>456,427</u>
Current assets					
Stocks	17	5,948		13,181	
Debtors - deferred tax	23	55		-	
Debtors - other	19	4,123,192		3,600,720	
Cash at bank and in hand		259,292		1,094,330	
		<u>4,388,487</u>		<u>4,708,231</u>	
Creditors: amounts falling due within one year	20	<u>(3,570,596)</u>		<u>(2,443,972)</u>	
Net current assets			817,891		2,264,259
Total assets less current liabilities			1,418,112		2,720,686
Creditors: amounts falling due after more than one year	21		-		(193,757)
Provisions for liabilities	23		-		(27,462)
Net assets			<u>1,418,112</u>		<u>2,499,467</u>
Capital and reserves					
Called up share capital	26		1,490		1,490
Share premium account	27		1,570,497		1,570,497
Capital redemption reserve	28		200		200
Profit and loss reserves	29		(154,075)		927,280
Total equity			<u>1,418,112</u>		<u>2,499,467</u>

The financial statements were approved by the board of directors and authorised for issue on 31 October 2019 and are signed on its behalf by:

Dr G Wylie
Director

MRN INFLECTION LTD

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Investments	15		4,631		4,631
Current assets					
Debtors	19	1,624,971		1,543,536	
Creditors: amounts falling due within one year	20	(4,508)		(70,797)	
Net current assets			1,620,463		1,472,739
Total assets less current liabilities			1,625,094		1,477,370
Capital and reserves					
Called up share capital	26		1,490		1,490
Share premium account	27		1,475,017		1,475,017
Capital redemption reserve	28		200		200
Profit and loss reserves	29		148,387		663
Total equity			1,625,094		1,477,370

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £433,724 (2017 - £309,606 profit).

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

The financial statements were approved by the board of directors and authorised for issue on 31 October 2019 and are signed on its behalf by:

Dr G Wylie
Director

Company Registration No. 08236413

MRN INFLECTION LTD

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 November 2016		1,472	1,495,510	200	371,434	1,868,616
Period ended 31 December 2017:						
Profit and total comprehensive income for the period		-	-	-	864,846	864,846
Issue of share capital	26	18	74,987	-	-	75,005
Dividends	12	-	-	-	(309,000)	(309,000)
Balance at 31 December 2017		1,490	1,570,497	200	927,280	2,499,467
Year ended 31 December 2018:						
Loss and total comprehensive income for the year		-	-	-	(795,355)	(795,355)
Dividends	12	-	-	-	(286,000)	(286,000)
Balance at 31 December 2018		1,490	1,570,497	200	(154,075)	1,418,112

MRN INFLECTION LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 November 2016		1,472	1,400,030	200	57	1,401,759
Period ended 31 December 2017:						
Profit and total comprehensive income for the period		-	-	-	309,606	309,606
Issue of share capital	26	18	74,987	-	-	75,005
Dividends	12	-	-	-	(309,000)	(309,000)
Balance at 31 December 2017		1,490	1,475,017	200	663	1,477,370
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	433,724	433,724
Dividends	12	-	-	-	(286,000)	(286,000)
Balance at 31 December 2018		1,490	1,475,017	200	148,387	1,625,094

MRN INFLECTION LTD

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	36		(746,937)		1,647,181
Interest paid			(101,120)		(93,883)
Income taxes paid			(242,398)		(62,569)
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(1,090,455)		1,490,729
Investing activities					
Purchase of intangible assets		(122,782)		(136,878)	
Purchase of tangible fixed assets		(247,440)		(251,938)	
Interest received		6		2	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(370,216)		(388,814)
Financing activities					
Proceeds from issue of shares		-		75,005	
Proceeds from borrowings		911,633		-	
Repayment of bank loans		-		(114,973)	
Dividends paid to equity shareholders		(286,000)		(309,000)	
		<u> </u>		<u> </u>	
Net cash generated from/(used in) financing activities			625,633		(348,968)
			<u> </u>		<u> </u>
Net (decrease)/increase in cash and cash equivalents			(835,038)		752,947
Cash and cash equivalents at beginning of year			1,094,330		341,383
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u> </u> <u> </u>		<u> </u> <u> </u>

MRN INFLECTION LTD

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	35	355,010		268,029	
Interest paid		-		(326)	
Income taxes paid		(69,010)		(53,051)	
		<u>286,000</u>		<u>214,652</u>	
Net cash inflow from operating activities					
Investing activities					
Proceeds on disposal of subsidiaries		-		(2,657)	
Dividends received		-		22,000	
		<u>-</u>		<u>19,343</u>	
Net cash (used in)/generated from investing activities					
Financing activities					
Proceeds from issue of shares		-		75,005	
Dividends paid to equity shareholders		(286,000)		(309,000)	
		<u>(286,000)</u>		<u>(233,995)</u>	
Net cash used in financing activities					
Net increase in cash and cash equivalents					
Cash and cash equivalents at beginning of year		-		-	
		<u>-</u>		<u>-</u>	
Cash and cash equivalents at end of year					
		<u><u>-</u></u>		<u><u>-</u></u>	

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

MRN Inflection Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Talon House, Presley Way, Crownhill, Milton Keynes, Bucks. MK8 0ES.

The group consists of MRN Inflection Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of MRN Inflection Ltd and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

MIS/SIS Project	5 Years
Software Upgrade	5 Years / no amortisation in implementation phase

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	6 years
Plant and equipment	33% straight line
Fixtures and fittings	33% straight line
Computers	33% and 20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end 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 it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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 not been adjusted.

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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition 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 end 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 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 profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.19 Factored debts

The group utilises a debt factoring arrangement whereby substantially all of the benefits and risks of the factored debts are retained by the group. It is therefore appropriate to adopt a separate presentation whereby gross factored debts are included on the balance sheet within debtors and a corresponding liability in respect of the proceeds received from the factor is shown within secured liabilities. Factoring charges are recognised as they accrue and included within bank charges and similar charges.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018	2017
	£	£
Turnover		
Sales	15,799,329	15,662,892
	<u>15,799,329</u>	<u>15,662,892</u>
Other significant revenue		
Interest income	6	2
Management fees to third party	162,985	263,929
	<u>162,991</u>	<u>263,931</u>

Turnover analysed by geographical market

	2018	2017
	£	£
United Kingdom	3,624,324	3,632,102
USA	11,237,413	11,192,519
Switzerland	8,200	23,221
Europe	929,392	815,050
	<u>15,799,329</u>	<u>15,662,892</u>

4 Operating (loss)/profit

	2018	2017
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	195,562	(406,450)
Depreciation of owned tangible fixed assets	194,459	124,322
Amortisation of intangible assets	31,969	7,561
Operating lease charges	314,129	278,640
	<u>536,119</u>	<u>1,006,923</u>

5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	2,500	2,500
Audit of the company's subsidiaries	9,500	8,319
	<u>12,000</u>	<u>10,819</u>

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group 2018	2017	Company 2018	2017
Number	Number	Number	Number
127	93	4	3

Their aggregate remuneration comprised:

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Wages and salaries	6,147,818	5,250,802	14,400	16,800
Social security costs	620,910	524,231	-	-
Pension costs	304,881	267,439	15,476	16,720
	<u>7,073,609</u>	<u>6,042,472</u>	<u>29,876</u>	<u>33,520</u>

7 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	47,107	44,694
Company pension contributions to defined contribution schemes	15,476	16,720
	<u>62,583</u>	<u>61,414</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2, (2017: 2).

As total directors' remuneration was less than £200,000 in the current period and prior period, no disclosure is provided for these periods.

8 Other gains and losses

	2018	2017
	£	£
Fair value gains/(losses) on financial instruments		
(Loss)/gain on hedging instrument in a fair value hedge	<u>(442,324)</u>	<u>86,878</u>

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9	Interest receivable and similar income	2018	2017
		£	£
	Interest income		
	Interest on bank deposits	6	2
		<u>6</u>	<u>2</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	6	2
		<u>6</u>	<u>2</u>
10	Interest payable and similar expenses	2018	2017
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on finance leases and hire purchase contracts	953	-
	Interest on invoice finance arrangements	97,661	89,495
		<u>98,614</u>	<u>89,495</u>
	Other finance costs:		
	Other interest	2,506	4,388
		<u>2,506</u>	<u>4,388</u>
	Total finance costs	<u>101,120</u>	<u>93,883</u>

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Taxation	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	(79,001)	161,865
Foreign current tax on profits for the current period	54,192	-
Adjustments in foreign tax in respect of prior periods	40,999	-
	<u>16,190</u>	<u>161,865</u>
Deferred tax		
Origination and reversal of timing differences	(27,517)	37,469
	<u>(27,517)</u>	<u>37,469</u>
Total tax (credit)/charge	<u>(11,327)</u>	<u>199,334</u>

The rate of corporation tax was reduced from 20% to 19% from 1st April 2017.

From 1st April 2020 a further reduction from 19% to 17% is planned.

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
(Loss)/profit before taxation	(806,682)	1,064,180
	<u>(806,682)</u>	<u>1,064,180</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(153,270)	202,194
Tax effect of expenses that are not deductible in determining taxable profit	305	1,917
Change in unrecognised deferred tax assets	-	(55)
Adjustments in respect of prior years	41,000	-
Effect of change in corporation tax rate	(986)	(5,821)
Depreciation on assets not qualifying for tax allowances	1,309	1,099
Effect of overseas tax rates	883	-
Under/(over) provided in prior years	19,370	-
Deferred tax adjustments in respect of prior years	80,062	-
	<u>(11,327)</u>	<u>199,334</u>
Tax expense for the year	<u>(11,327)</u>	<u>199,334</u>

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12	Dividends		2018	2017
			£	£
	Interim paid		286,000	309,000
			<u> </u>	<u> </u>
13	Intangible fixed assets			
	Group	MIS/SIS Project	Software Upgrade	Total
		£	£	£
	Cost			
	At 1 January 2018	116,332	20,546	136,878
	Additions - separately acquired	3,881	118,901	122,782
		<u> </u>	<u> </u>	<u> </u>
	At 31 December 2018	120,213	139,447	259,660
		<u> </u>	<u> </u>	<u> </u>
	Amortisation and impairment			
	At 1 January 2018	7,561	-	7,561
	Amortisation charged for the year	23,494	8,475	31,969
		<u> </u>	<u> </u>	<u> </u>
	At 31 December 2018	31,055	8,475	39,530
		<u> </u>	<u> </u>	<u> </u>
	Carrying amount			
	At 31 December 2018	89,158	130,972	220,130
		<u> </u>	<u> </u>	<u> </u>
	At 31 December 2017	108,771	20,546	129,317
		<u> </u>	<u> </u>	<u> </u>

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

14 Tangible fixed assets									
Group		Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total		
		£	£	£	£	£	£		
Cost									
At 1 January 2018		124,984	93,984	-	459,294	15,505	693,767		
Additions		28,892	46,776	909	170,863	-	247,440		
At 31 December 2018		153,876	140,760	909	630,157	15,505	941,207		
Depreciation and impairment									
At 1 January 2018		51,669	53,314	-	246,169	15,505	366,657		
Depreciation charged in the year		23,103	39,308	200	131,848	-	194,459		
At 31 December 2018		74,772	92,622	200	378,017	15,505	561,116		
Carrying amount									
At 31 December 2018		79,104	48,138	709	252,140	-	380,091		
At 31 December 2017		73,315	40,670	-	213,125	-	327,110		

The company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	16	-	-	4,631	4,631

Movements in fixed asset investments

Company	Shares in group undertakings	£
Cost or valuation		
At 1 January 2018 and 31 December 2018		4,631
Carrying amount		
At 31 December 2018		4,631
At 31 December 2017		4,631

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Medical Research Network Limited	Talon House, Presley Way, Crownhill, Milton Keynes, Bucks. MK8 0ES	Provision of clinical trials	Ordinary	100.00	
Medical Research Network Spain SL	Lope de Haro, 3, Piso 1 B, 28039 Madrid, Spain	Provision of clinical trials	Ordinary	100.00	
MRN Inc	501 Silverside Road, STE 82, Wilmington, New Castle, 19809, Delaware USA	Provision of clinical trials	Ordinary		100.00

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Subsidiaries (Continued)

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Medical Research Network Limited	(1,305,993)	(257,150)
Medical Research Network Spain SL	8,571	7,145
MRN Inc	68,343	47,653

The investments in subsidiaries are all stated at cost.

17 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Finished goods and goods for resale	5,948	13,181	-	-

18 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,676,770	3,218,584	1,624,916	1,543,481
Equity instruments measured at cost less impairment	-	-	4,631	4,631
Instruments measured at fair value through profit or loss	-	86,878	-	-
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	355,446	-	-	-
Measured at amortised cost	2,856,315	2,058,116	4,343	1,608

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Debtors

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	3,158,102	2,888,246	-	-
Corporation tax recoverable	79,007	1,878	-	-
Amounts due from subsidiary undertakings	-	-	1,624,916	1,543,481
Derivative financial instruments	-	86,878	-	-
Other debtors	641,658	402,621	-	-
Prepayments and accrued income	244,337	220,688	-	-
	<u>4,123,104</u>	<u>3,600,311</u>	<u>1,624,916</u>	<u>1,543,481</u>
Deferred tax asset (note 23)	55	-	55	55
	<u>4,123,159</u>	<u>3,600,311</u>	<u>1,624,971</u>	<u>1,543,536</u>
Amounts falling due after more than one year:				
Prepayments and accrued income	88	409	-	-
	<u>88</u>	<u>409</u>	<u>-</u>	<u>-</u>
Total debtors	<u>4,123,247</u>	<u>3,600,720</u>	<u>1,624,971</u>	<u>1,543,536</u>

20 Creditors: amounts falling due within one year

		Group 2018	2017	Company 2018	2017
	Notes	£	£	£	£
Other borrowings	22	911,633	-	-	-
Trade creditors		1,509,216	519,143	-	-
Corporation tax payable		12,786	161,865	-	69,010
Other taxation and social security		131,456	165,672	165	179
Derivative financial instruments		355,446	-	-	-
Deferred income	24	214,593	58,319	-	-
Other creditors		206,945	366,537	2,657	-
Accruals and deferred income		228,521	1,172,436	1,686	1,608
		<u>3,570,596</u>	<u>2,443,972</u>	<u>4,508</u>	<u>70,797</u>

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Creditors: amounts falling due after more than one year

		Group 2018	2017	Company 2018	2017
	Notes	£	£	£	£
Deferred income	24	-	193,757	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

22 Loans and overdrafts

		Group 2018	2017	Company 2018	2017
		£	£	£	£
Directors loans		105,278	124,152	-	-
Factoring loans		911,633	-	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		1,016,911	124,152	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Payable within one year		1,016,911	124,152	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

Factoring loans amounting to £911,633, (2017: £0) are secured by way of a fixed and floating charge over the group's current and future assets.

Factoring loans are repaid following sales receipts being received into the group.

Director's loans are not subject to any formal agreement.

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2018	Liabilities 2017	Assets 2018	Assets 2017
Group	£	£	£	£
Accelerated capital allowances	-	43,311	-	-
Tax losses	-	(10,301)	-	-
Retirement benefit obligations	-	-	55	-
Employee costs	-	(5,548)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	27,462	55	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

23	Deferred taxation	(Continued)			
		Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
	Company				
	Retirement benefit obligations	-	-	55	55
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
				Group 2018 £	Company 2018 £
	Movements in the year:				
	Liability/(asset) at 1 January 2018			27,462	(55)
	Credit to profit or loss			(27,517)	-
				<u> </u>	<u> </u>
	Liability/(asset) at 31 December 2018			(55)	(55)
				<u> </u>	<u> </u>

The deferred tax asset set out above is expected to reverse within 1 year and relates to pension benefits in a subsidiary company.

At the balance sheet date the group had unused tax losses totalling £588,061 (2017: £54,212).

24	Deferred income	Group 2018 £	2017 £	Company 2018 £	2017 £
	Other deferred income	214,593	252,076	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Deferred income is included in the financial statements as follows:				
	Current liabilities	214,593	58,319	-	-
	Non-current liabilities	-	193,757	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		214,593	252,076	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

25 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	304,881	267,439
	<u>304,881</u>	<u>267,439</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the balance sheet date the group had a pension liability amounting to £41,298, (2017: £29,203).

26 Share capital

	Group and company	
	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
32,700 A Preferred shares of 1p each	327	327
19,617 B Ordinary shares of 1p each	197	197
96,683 C Ordinary shares of 1p each	966	966
	<u>1,490</u>	<u>1,490</u>

The company has 3 classes of shares as follows:

- A Preferred shares
- B Ordinary shares
- C Ordinary shares

The B Ordinary shares do not carry any voting rights. The A Preferred shares and Ordinary C shares rank equally for voting rights.

All classes rank equally for any dividend declared.

Each A Preferred share ranks in priority to any other class of share for any distributions made on winding up or other distribution of capital.

No class of share is redeemable.

27 Share premium account

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
At beginning of year	1,570,497	1,495,510	1,475,017	1,400,030
Issue of new shares	-	74,987	-	74,987
	<u>1,570,497</u>	<u>1,570,497</u>	<u>1,475,017</u>	<u>1,475,017</u>

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

28 Capital redemption reserve

	Group 2018 £	2017 £	Company 2018 £	2017 £
At beginning and end of year	200	200	200	200

29 Profit and loss reserves

	Group 2018 £	2017 £	Company 2018 £	2017 £
At the beginning of the year	927,280	371,434	663	57
Profit/(loss) for the year	(795,355)	864,846	433,724	309,606
Dividends	(286,000)	(309,000)	(286,000)	(309,000)
At the end of the year	(154,075)	927,280	148,387	663

30 Financial commitments, guarantees and contingent liabilities

The group purchased forward foreign currency contracts to hedge currency exposure on firm future commitments.

As at 31 December 2018 the company agreed to buy \$10,500,000 at £7,413,530.57.

31 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties & cars.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	241,263	224,220	-	50,761
Between two and five years	253,814	483,967	-	152,283
	495,077	708,187	-	203,044

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

32 Directors' transactions

Dividends totalling £286,000 (2017 - £309,000) were paid in the year in respect of shares held by the company's directors.

During the year Dr G Wylie charged the group interest totalling £1,734, (2017: £2,875) on loans to the company. At the balance sheet date the group owed director Dr G Wylie £105,278, (2017: £124,152).

Included in trade creditors are amounts owing to the group directors for expenses paid on behalf of the group totalling £952, (2017: £0).

33 Controlling party

The ultimate controlling party is director Dr G Wylie by virtue of his majority family shareholding in the company.

34 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, some of whom are also directors, is as follows.

	2018 £	2017 £
Aggregate compensation	578,883	636,619

No guarantees have been given or received.

36 Cash generated from operations - company

	2018 £	2017 £
Profit for the year after tax	433,724	309,606
Adjustments for:		
Taxation charged	-	68,955
Finance costs	-	326
Investment income	-	(22,000)
Movements in working capital:		
(Increase) in debtors	(81,435)	(89,178)
Increase in creditors	2,721	320
Cash generated from operations	355,010	268,029

MRN INFLECTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

36 Cash generated from group operations	2018	2017
	£	£
(Loss)/profit for the year after tax	(795,355)	864,846
Adjustments for:		
Taxation (credited)/charged	(11,327)	199,334
Finance costs	101,120	93,883
Investment income	(6)	(2)
Fair value gains and losses on foreign exchange contracts and investment properties	442,324	(86,878)
Amortisation and impairment of intangible assets	31,969	7,561
Depreciation and impairment of tangible fixed assets	194,459	124,322
Movements in working capital:		
Decrease/(increase) in stocks	7,233	(13,181)
(Increase)/decrease in debtors	(532,221)	403,132
(Decrease)/increase in creditors	(147,650)	335,558
(Decrease) in deferred income	(37,483)	(281,394)
Cash (absorbed by)/generated from operations	(746,937)	1,647,181

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