

Farewill Ltd.

Registered number: 09701947

Annual Report

For the year ended 31 July 2022

FAREWILL LTD.

COMPANY INFORMATION

Directors

T L Doree
D Garrett
T C Levene
S M Laurent

Registered number

09701947

Registered office

1st Floor
27 Downham Road
London
England
N1 5AA

Independent auditor

Mazars LLP
Chartered Accountants & Statutory Auditor
30 Old Bailey
London
EC4M 7AU

FAREWILL LTD.

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

The directors present their Strategic Report for the Group and the Company together with the audited financial statements for the year ended 31 July 2022.

Fair review of the business

The principal activity of the Group is that of bereavement services. Principally in the year ending July 2022, this was the provision of Wills, Probate and Funeral services in the United Kingdom.

Principal risks and uncertainties

The operations of the Group expose it to various financial risks, including liquidity risk, industry risk and market risk.

Liquidity Risk

The Group has sufficient cash balances to cover foreseeable needs and seeks to mitigate liquidity risks through the management of these. Included, but not limited to, the management of staff overheads and marketing spend.

Industry Risk

The Group is competing against existing, predominantly high-street, retailer industry incumbents. There is a risk that the existing incumbents, and limited number of existing online competitors, develop superior online technology and bereavement services than that of the capability of Farewill Ltd and its subsidiaries.

Market Risk

As the pandemic continues to decline in effect, there is a risk that the customers return to the high-street for more complex end-of-life services, rather than simpler online services currently provided online.

Financial key performance indicators

Our business performance is primarily evaluated using revenue, gross profit figures, and contribution margin. We also consider non-financial metrics such as NPS (Net Promoter Score), cross-sell opportunities, unit economics, contribution margin and average order value. We regularly compare actual results to budgets and forecasts, investigating significant variances and taking action to mitigate any major declines in performance.

Financial Results for the Year Ending July 31, 2022

In 2022, the Group's revenue decreased to £3.6m (2021: £5m), and gross profit decreased to £1.8m (2021: £2.3m). However, our gross profit margin increased to 50% (2021: 46%).

The decline in revenue and gross profits in 2022 can be attributed to reduced demand following the COVID-19 pandemic in wills and cremations. In response, we made strategic adjustments to our business model during Q3, which resulted in an improved gross profit margin in the second half of the year. However, we also increased investment in engineering and product development as we focused on innovating our underlying technology at Farewill.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2022**

Financial key performance indicators (continued)

Changes in Operating Models

Probate Operating Model: We outsourced probate to an external supplier agreeing a referral fee model, which led to higher gross profit margin of 68%/£0.6m (2021: 55%/£0.5m).

Funeral Operating Model: We discontinued providing attended cremations and focused solely on direct cremations. We conducted a tender process to find a new cremations supplier, which improved our contribution margin. This saw lower revenues of £1.3m (2021:£1.9m) but higher gross profit £0.3m (2021:£0.1m).

Wills Operating Model: We shifted our customer mix from direct-to-consumer to partnerships with charities and financial services. Although this change led to similar gross sales as in 2021, the revenue recognition is deferred until the wills are redeemed. Consequently, wills revenue decreased to £1.5m (2021: £2.1m), but an increase in deferred income £1.4m (2021: £0.7m).

Reduction in Headcount:

While the average headcount remained stable at 113 in 2022 (2021:114), it decreased to 76 by the year-end. This reduction was spread across operations, sales, central support, legal, and data functions.

Increased Investment in Innovation, Research, and Development

Over the course of this year Farewill investigated significantly in product innovation - from customer research, product design, product engineering and launching new products - to drive customer experience and investigate new routes to market and monetization opportunities. This significant investment in research and development has been a basis for learning that has continued to support the market leading customer proposition- with over 14,000 reviews and a 5 star rating.

This has led to a significant increase in margin in 2022/2023.

Future developments

The Group will continue to provide bereavement services for both at-need and pre-need customers across the UK into 2023. The Group will expand the number and type of charity and commercial partners it works with, to broaden the volume and quality of acquisition channels for its services.

It will continue to run more effectively to reduce costs and improve gross profits and its unit economics across all of its products. Finally, the Group plans to launch the Funeral Plan service in the UK and has submitted its application to FCA.

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

D Garrett
Director

Date: 14 July 2023

FAREWILL LTD.

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

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

Principal activity

The principal activity of the Group and Company is that of bereavement services. Principally in the year ending July 2022, this was the provision of Wills, Probate and Funeral services in the United Kingdom.

Results and dividends

The loss for the year, after taxation, amounted to £7,440,636 (2021: loss of £6,749,228).

The directors do not recommend the payment of a dividend for the year (2021: £nil).

Directors

The directors who served during the year and to the date of this report were:

T L Doree
D Garrett
T C Levene
T Rogers (resigned 31 December 2022)
S M Laurent

Qualifying third party indemnity provisions

The directors benefit from a qualifying indemnity provision in the form permitted by the Section 234 of the Companies Act 2006 in respect of certain third party actions against directors. No claim or notice of claim in respect of these indemnities has been received in the year. The qualifying indemnity provision was in force throughout the financial year and up to the date of approval of the Directors' Report.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2022**

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated audited consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited consolidated financial statements for each financial year. Under that law the directors have elected to prepare the audited consolidated financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited consolidated 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 audited consolidated financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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; and
- prepare the audited consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the audited consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Going concern

The Group has made a loss in the current two years. During March 2023 £4.8m of investment was raised from shareholders and at year end has net current assets. Notwithstanding the risks the directors note as arising from the withdrawal of the UK from the EU and the COVID-19 pandemic, the directors do not consider that there is any serious doubt over the ability of the Group to continue to operate for a period of at least twelve months from the date of this report. Accordingly, the financial statements have been prepared on the going concern basis.

Impact of the Ukraine Russia conflict

The conflict continues to affect the UK and global economies, the Directors continue to be informed about the impact and will take any steps to mitigate risk. We do not have any suppliers who are based in Russia and Ukraine so are confident that there is minimal risk to the provision of our services.

FAREWILL LTD.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2022**

Matters covered in the Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 to 2. These matters relate to business review, future developments and principal risks and uncertainties.

Post balance sheet events

There have been no significant events affecting the Group and Company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

D Garrett
Director

Date: 14 July 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAREWILL LTD.

Opinion

We have audited the financial statements of Farewill Ltd. (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 July 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated 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 and the parent Company's affairs as at 31 July 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAREWILL LTD.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 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 or the Directors' Report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAREWILL LTD.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 intend either to liquidate the Group and 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the parent Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAREWILL LTD.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

This report is made solely to the parent 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 parent 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 parent Company and the parent Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Gareth Jones (Senior statutory auditor)
for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey

London
EC4M 7AU

14 July 2023

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 £	2021 £
Turnover	4	3,602,980	4,982,176
Cost of sales		(1,794,392)	(2,698,716)
Gross profit		<u>1,808,588</u>	<u>2,283,460</u>
Administrative expenses		(10,113,445)	(9,976,923)
Operating loss	5	<u>(8,304,857)</u>	<u>(7,693,463)</u>
Interest receivable and similar income	9	1,053	6,314
Interest payable and similar expenses	10	(231)	-
Loss before tax		<u>(8,304,035)</u>	<u>(7,687,149)</u>
Tax on loss	11	863,399	937,921
Loss for the financial year		<u><u>(7,440,636)</u></u>	<u><u>(6,749,228)</u></u>

The Consolidated Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 16 to 31 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	12	98,325	175,413
		<u>98,325</u>	<u>175,413</u>
Current assets			
Debtors: amounts falling due within one year	14	2,921,507	1,993,367
Cash and cash equivalents	15	2,195,241	9,371,888
		<u>5,116,748</u>	<u>11,365,255</u>
Creditors: amounts falling due within one year	16	(2,176,092)	(1,456,142)
		<u>2,940,656</u>	<u>9,909,113</u>
Net current assets			
		<u>3,038,981</u>	<u>10,084,526</u>
Total assets less current liabilities			
		<u>3,038,981</u>	<u>10,084,526</u>
Net assets			
		<u>3,038,981</u>	<u>10,084,526</u>
Capital and reserves			
Called up share capital	17	296	293
Share premium account	18	23,085,771	23,079,314
Profit and loss account	18	(20,047,086)	(12,995,081)
		<u>3,038,981</u>	<u>10,084,526</u>
Total equity			
		<u>3,038,981</u>	<u>10,084,526</u>

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

D Garrett
Director

Date: 14 July 2023

The notes on pages 16 to 31 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 JULY 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	12	98,325	175,413
Investments	13	3	3
		<u>98,328</u>	<u>175,416</u>
Current assets			
Debtors: amounts falling due within one year	14	3,067,952	1,876,986
Cash and cash equivalents	15	1,369,260	8,855,927
		<u>4,437,212</u>	<u>10,732,913</u>
Creditors: amounts falling due within one year	16	(2,109,474)	(1,391,521)
		<u>2,327,738</u>	<u>9,341,392</u>
Net current assets		<u>2,327,738</u>	<u>9,341,392</u>
Total assets less current liabilities		<u>2,426,066</u>	<u>9,516,808</u>
Net assets		<u>2,426,066</u>	<u>9,516,808</u>
Capital and reserves			
Called up share capital	17	296	293
Share premium account	18	23,085,771	23,079,314
Profit and loss account		(20,660,001)	(13,562,799)
		<u>2,426,066</u>	<u>9,516,808</u>
Total equity		<u>2,426,066</u>	<u>9,516,808</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £ 7,485,833 (2021: loss of £7,083,724).

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

D Garrett
Director

Date: 14 July 2023

The notes on pages 16 to 31 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 August 2020	288	23,077,983	(6,688,721)	16,389,550
Comprehensive loss for the year				
Loss for the year	-	-	(6,749,228)	(6,749,228)
Total comprehensive loss for the year	-	-	(6,749,228)	(6,749,228)
Shares issued during the year	5	1,331	-	1,336
Share based payment charge (note 20)	-	-	442,868	442,868
Total transactions with owners	5	1,331	442,868	444,204
At 1 August 2021	293	23,079,314	(12,995,081)	10,084,526
Comprehensive loss for the year				
Loss for the year	-	-	(7,440,636)	(7,440,636)
Total comprehensive loss for the year	-	-	(7,440,636)	(7,440,636)
Shares issued during the year	3	6,457	-	6,460
Share based payment charge (note 20)	-	-	388,631	388,631
Total transactions with owners	3	6,457	388,631	395,091
At 31 July 2022	<u>296</u>	<u>23,085,771</u>	<u>(20,047,086)</u>	<u>3,038,981</u>

The notes on pages 16 to 31 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 August 2020	288	23,077,983	(6,921,943)	16,156,328
Comprehensive loss for the year				
Loss for the year	-	-	(7,083,724)	(7,083,724)
Total comprehensive loss for the year	-	-	(7,083,724)	(7,083,724)
Shares issued during the year	5	1,331	-	1,336
Share based payment charge (note 20)	-	-	442,868	442,868
Total transactions with owners	5	1,331	442,868	444,204
At 1 August 2021	293	23,079,314	(13,562,799)	9,516,808
Comprehensive loss for the year				
Loss for the year	-	-	(7,485,833)	(7,485,833)
Total comprehensive loss for the year	-	-	(7,485,833)	(7,485,833)
Shares issued during the year	3	6,457	-	6,460
Share based payment charge (note 20)	-	-	388,631	388,631
Total transactions with owners	3	6,457	388,631	395,091
At 31 July 2022	<u>296</u>	<u>23,085,771</u>	<u>(20,660,001)</u>	<u>2,426,066</u>

The notes on pages 16 to 31 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2022**

	2022	2021
	£	£
Cash flows from operating activities		
Loss for the financial year	(7,440,636)	(6,749,228)
Adjustments for:		
Depreciation of tangible fixed assets	113,235	94,494
Loss on disposal of tangible fixed assets	162	-
Interest paid	231	-
Interest received	(1,053)	(6,314)
Taxation credit	(863,399)	(937,921)
Increase in debtors	(64,741)	(380,519)
Increase in creditors	719,950	510,143
Increase in provisions	-	10,977
Corporation tax received	-	362,416
Net cash used in operating activities	(7,536,251)	(7,095,952)
Cash flows from investing activities		
Purchase of tangible fixed assets	(42,187)	(106,159)
Sale of tangible fixed assets	5,878	-
Interest received	1,053	6,314
Net cash used in investing activities	(35,256)	(99,845)
Cash flows from financing activities		
Issue of ordinary shares	3	5
Share premium on issue of ordinary shares	6,457	1,331
Share based payment charge	388,631	442,868
Interest paid	(231)	-
Net cash generated from financing activities	394,860	444,204
Net decrease in cash and cash equivalents	(7,176,647)	(6,751,593)
Cash and cash equivalents at beginning of year	9,371,888	16,123,481
Cash and cash equivalents at the end of year	2,195,241	9,371,888
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,195,241	9,371,888

The notes on pages 16 to 31 form part of these financial statements.

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

1. General information

Farewill Ltd. is a private company limited by shares, incorporated and registered in England and Wales. The address of the registered office of the Company is 1st Floor, 27 Downham Road, London, England N1 5AA. The Company's registration number is 09701947.

The principal activity of the Group and Company is that of bereavement services. Principally in the year ending July 2022, this was the provision of Wills, Probate and Funeral services in the United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12 (b) not to present the Company statement of cash flows.

The financial statements have been presented in Pounds Sterling and are rounded to the nearest pound as this is the currency of the primary economic environment in which the Group and Company operates.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group has made a loss in the current two years. During March 2023 £4.8m of investment was raised from shareholders and at year end has net current assets. Notwithstanding the risks the directors note as arising from the withdrawal of the UK from the EU and the COVID-19 pandemic, the directors do not consider that there is any serious doubt over the ability of the Group to continue to operate for a period of at least twelve months from the date of this report. Accordingly, the financial statements have been prepared on the going concern basis.

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'.

2.5 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest receivable and similar income

Interest receivable and similar income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.8 Interest payable and similar expenses

Interest payable and similar expenses are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

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

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	33%	per annum
Computer equipment	-	33%	per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Depreciation is included in 'administrative expenses' in the Consolidated Statement of Comprehensive Income.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Debtors: amounts falling due within one year

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

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 Creditors: amounts falling due within one year

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

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

2. Accounting policies (continued)

2.17 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable.

Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting are recognised in the year in which the estimate is revised, if the revision affects only that year, in the year of the revision and future years, if the revision affects both current and future years.

3.1 Critical judgements in applying the Company's accounting policies

The directors do not consider there to be any critical judgements in applying the Company's accounting policies

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, 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.

Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the company uses a Black-Scholes model.

Tangible fixed assets

Management provide for depreciation on the cost of tangible fixed assets over the assets' useful lives after taking their residual values into account. Management estimate the residual values as the amount currently obtainable from the disposal of the asset, after deducting the estimated disposal costs, if the asset were already of the age and in the condition expected at the end of its useful life. Management estimate the useful lives of assets based on past experience with similar assets.

4. Turnover

The whole of the turnover is attributable to the principal activities of the Group undertaken entirely in the United Kingdom.

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

5. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	113,235	94,494
Exchange differences	1,865	-
Other operating lease rentals	<u>160,350</u>	<u>182,053</u>

6. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>20,000</u>	<u>17,235</u>

Fees payable to the Group's auditor in respect of:

Taxation compliance services	10,000	5,000
All other assurance services	<u>6,169</u>	<u>5,765</u>

7. Employees

	Group	Group
	2022	2021
	£	£
Wages and salaries	6,903,495	5,938,786
Social security costs	680,615	668,584
Cost of defined contribution scheme	96,768	104,118
Share based payments (note 20)	388,631	442,868
	<u>8,069,509</u>	<u>7,154,356</u>

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

	2022	2021
	No.	No.
Employees including directors	<u>113</u>	<u>114</u>

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

8. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	183,333	209,000
Company contributions to defined contribution pension schemes	1,761	1,537
	<u>185,094</u>	<u>210,537</u>

During the year retirement benefits were accruing to 2 directors (2021: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £85,000 (2021: £78,750).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,321 (2021: £769).

9. Interest receivable and similar income

	2022	2021
	£	£
Bank interest receivable	<u>1,053</u>	<u>6,314</u>

10. Interest payable and similar expenses

	2022	2021
	£	£
Other interest payable	<u>231</u>	<u>-</u>

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

11. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on losses for the year	(719,673)	(719,231)
Adjustments in respect of previous periods	(143,726)	(218,690)
	<u>(863,399)</u>	<u>(937,921)</u>
Deferred tax		
	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
	<u>(863,399)</u>	<u>(937,921)</u>
Taxation credit on loss on ordinary activities	<u>(863,399)</u>	<u>(937,921)</u>

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£	£
Loss on ordinary activities before tax	<u>(8,304,035)</u>	<u>(7,687,149)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(1,577,767)	(1,460,558)
Effects of:		
Fixed asset differences	(2,415)	371
Expenses not deductible for tax purposes	80,565	34,672
Income not deductible for tax purposes	-	(65)
Adjustments to losses	-	130
Additional deduction for R&D expenditure	(533,011)	(532,684)
Surrender of tax losses for R&D tax credit refund	943,020	942,441
Group relief surrendered/(claimed)	-	63,754
Adjustment to tax charge in respect of previous periods	(143,726)	(218,690)
R&D tax credit	(719,673)	(719,231)
Remeasurement of deferred tax for changes in tax rates	(344,087)	(617,365)
Movement in deferred tax not recognised	1,433,695	1,569,304
	<u>(863,399)</u>	<u>(937,921)</u>
Total tax credit for the year	<u>(863,399)</u>	<u>(937,921)</u>

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

11. Taxation (continued)

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

12. Tangible fixed assets

Group and Company

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 August 2021	131,207	232,036	363,243
Additions	-	42,187	42,187
Disposals	-	(14,570)	(14,570)
At 31 July 2022	<u>131,207</u>	<u>259,653</u>	<u>390,860</u>
Depreciation			
At 1 August 2021	94,406	93,424	187,830
Charge for the year	35,071	78,164	113,235
Disposals	-	(8,530)	(8,530)
At 31 July 2022	<u>129,477</u>	<u>163,058</u>	<u>292,535</u>
Net book value			
At 31 July 2022	<u>1,730</u>	<u>96,595</u>	<u>98,325</u>
At 31 July 2021	<u>36,801</u>	<u>138,612</u>	<u>175,413</u>

There has been a reclassification adjustment of £342 to increase computer equipment cost and depreciation brought forward at 1 August 2021. The net book value at 31 July 2021 remained the same.

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

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 August 2021	3
At 31 July 2022	<u>3</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Farewill Legal Services Limited	1st Floor 27 Downham Road, London, N1 5AA	Provision of legal probate services	Ordinary	100 %
Farewill Funeral Plans Limited (formerly Farewill Cremation Services Limited)	1st Floor 27 Downham Road, London, N1 5AA	Non-trading	Ordinary	100 %
Farewill Trustees Limited	1st Floor 27 Downham Road, London, N1 5AA	Dormant	Ordinary	100 %

All the above subsidiaries are included in these consolidated financial statements.

Exemption from audit by parental guarantee

The directors confirm that in accordance with sections 479A and 479C of the Companies Act 2006, Farewill Ltd, as parent company of Farewill Funerals Limited (previously known as Farewill Funeral Plans Limited) has given a parental guarantee to enable the Company to claim exemption from audit. This guarantee is relevant to the liabilities of the UK subsidiaries and it is the belief of the directors that there is a low probability of the guarantee being used. The guarantee relates to the year ended 31 July 2022.

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

14. Debtors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	137,061	290,435	129,391	263,562
Amounts owed by group undertakings	-	-	154,693	-
Other debtors	60,116	59,818	60,116	59,818
Prepayments and accrued income	1,285,426	1,067,609	1,284,848	978,101
Tax recoverable	1,438,904	575,505	1,438,904	575,505
	<u>2,921,507</u>	<u>1,993,367</u>	<u>3,067,952</u>	<u>1,876,986</u>

Trade debtors are stated net of a provision for doubtful receivables of £20,578 (2021: £36,941).

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

15. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	<u>2,195,241</u>	<u>9,371,888</u>	<u>1,369,260</u>	<u>8,855,927</u>

16. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	493,203	238,694	492,773	238,694
Other taxation and social security	175,934	309,778	174,233	282,910
Other creditors	105,054	61,794	41,017	61,796
Accruals and deferred income	1,401,901	845,876	1,401,451	808,121
	<u>2,176,092</u>	<u>1,456,142</u>	<u>2,109,474</u>	<u>1,391,521</u>

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

17. Called up share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
29,615,074 (2021: 29,266,243) Ordinary shares of £0.00001 each	<u>296</u>	<u>293</u>

On 29th October 2021, the Company issued 23,746 Ordinary shares at £0.00001 in exchange for a consideration of £237. The consideration received in excess of the nominal value of the shares issued was allocated to the share premium account.

On 4th February 2022, the Company issued 18,788 Ordinary shares at £0.00001 in exchange for a consideration of £188. The consideration received in excess of the nominal value of the shares issued was allocated to the share premium account.

On 11th March 2022, the Company issued 30,969 Ordinary shares at £0.00001 in exchange for a consideration of £309. The consideration received in excess of the nominal value of the shares issued was allocated to the share premium account.

On 30th April 2022, the Company issued 110,269 Ordinary shares at £0.00001 in exchange for a consideration of £1,103. The consideration received in excess of the nominal value of the shares issued was allocated to the share premium account.

On 31st May 2022, the Company issued 105,155 Ordinary shares at £0.00001 in exchange for a consideration of £1,052. The consideration received in excess of the nominal value of the shares issued was allocated to the share premium account.

On 30th June 2022, the Company issued 17,904 Ordinary shares at £0.00001 in exchange for a consideration of £179. The consideration received in excess of the nominal value of the shares issued was allocated to the share premium account.

On 31st July 2022, the Company issued 42,000 Ordinary shares at £0.00001 in exchange for a consideration of £420. The consideration received in excess of the nominal value of the shares issued was allocated to the share premium account.

The ordinary shares entitle the holder of each to one voting right and no right to fixed income.

18. Reserves

Share premium account

The share premium account represents the consideration received in exchange for newly-issued shares which is in excess of the nominal value of those shares issued.

Profit and loss account

The profit and loss account represents the cumulative profits and losses of the Group and the Company less any dividends which have been paid.

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

19. Consolidated analysis of net debt

	At 1 August 2021 £	Cash flows £	At 31 July 2022 £
Cash at bank and in hand	9,371,888	(7,176,647)	2,195,241
	<u>9,371,888</u>	<u>(7,176,647)</u>	<u>2,195,241</u>

20. Share based payments

The Company operates an equity-settled employee share option plan, under which options have been granted to individuals at an exercise price equal to an agreed price of the Company's shares on the date of the grant.

Options grant the holder the option to subscribe to share in the Company, upon the occurrence of specified corporate activity which includes, but is not limited to a share sale or reorganisation.

During the year, new options were granted and exercised as detailed below:

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year	1	1,853,145	1	1,972,746
Granted during the year	1	136,257	1	526,406
Forfeited during the year	1	(563,733)	-	(207,306)
Exercised during the year	1	(348,831)	1	(438,701)
Outstanding at the end of the year	<u>1</u>	<u>1,076,838</u>	<u>1</u>	<u>1,853,145</u>

	2022	2021
Expected volatility	16.50%	16.50%
Expected term	48 months	48 months
Risk-free interest rate	<u>1.19%</u>	<u>0.45%</u>

	2022 £	2021 £
Equity-settled schemes	<u>388,631</u>	<u>442,868</u>

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

21. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund during the year and amounted to £96,768 (2021: £104,118). Contributions totalling £19,106 (2021: £30,277) were payable to the fund at the reporting date and are included in other creditors.

22. Commitments under operating leases

At 31 July 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	112,000	180,338	112,000	180,338
Later than 1 year and not later than 5 years	72,110	296,109	72,110	296,109
	<u>184,110</u>	<u>476,447</u>	<u>184,110</u>	<u>476,447</u>

23. Related party transactions

The Group has taken advantage of the exemption permitted by Section 33 'Related party disclosures' not to provide disclosures of transactions entered into with other wholly owned members of the Group.

During the year a director, T L Doree, received advances of £nil (2021: £33,600) for consultancy work delivered to the Group.

24. Post balance sheet events

There have been no significant events affecting the Group and Company since the year end.

25. Controlling party

The directors do not consider the Group to have a single controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.