



Financial Statements

Integrated Medical Solutions Limited

For the financial year ended 31 December 2020

Registered number: 03037895

Contents

	Page
Company information	1
Strategic report	2 - 5
Director's report	6 - 7
Director's responsibilities statement	8
Independent auditor's report	9 - 12
Statement of comprehensive income	13
Balance sheet	14
Statement of changes in equity	15
Notes to the financial statements	16 - 29
<p>The following pages do not form part of the statutory financial statements:</p>	
Detailed profit and loss account and summaries	30 - 32

Company Information

Director	Brian Timmons
Company secretary	Ultan McGrath
Registered number	03037895
Registered office	Ims Maxims Spaces 100 Avebury Boulevard Central Milton Keynes Milton Keynes, United Kingdom MK9 1FH
Independent auditor	Grant Thornton Chartered Accountants & Statutory Auditors 13-18 City Quay Dublin 2
Bankers	National Westminster 501 Silbury Boulevard Saxon Gate East Milton Keynes Bucks MK9 3ER United Kingdom
Solicitors	OBH Partners 17 Pembroke Street Upper Dublin 2 Ireland

Strategic report

For the financial year ended 31 December 2020

Principal activities

The principal activity of the Company is the development, marketing, sale and servicing of its web based, end to end, IMS MAXIMS electronic patient record system, a suite of clinical IT solutions and administrative applications suitable for any clinical specialism, to health-care providers operating under the National Health Service (NHS), its major market, and across the independent and private sector organisations market, ranging from hospitals groups to small specialist clinics.

Business review

IMS MAXIMS enables healthcare organisations to achieve global digital excellence and in turn, safer, more effective, sustained healthcare. Our Global Digital Exemplar solutions (patient administration system, electronic patient record and suite of mobile applications) are designed in collaboration with clinicians over the last 30 years and are flexible enough to support a modular or holistic approach to digital. MAXIMS is used widely in the NHS, HSE, independent and private sectors. MAXIMS enables healthcare organisations to achieve digital excellence and in turn, safer, more effective, sustained healthcare

The group has in recent years has deployed and extended the MAXIMS platform for the provision of integrated EPR/PAS deployments in the Global Digital Exemplar (GDE) and Fast Follower designated Trusts, Somerset NHS Foundation Trust, and Wye Valley NHS Trust, and, in the private sector, in Ramsay Health UK. Hospital organisations that utilise IMS MAXIMS solutions also include Blackpool Teaching Hospitals NHS Foundation Trust, the BMI Hospitals (General Healthcare Group), Royal Cornwall Hospital Trust, St. Vincent's Hospital, University Hospital Limerick, Bon Secours, InHealth and Care UK.

In the course of the year the Company continued the development of its MAXIMS platform for service delivery and has developed and deployed a number of mobile apps (including e-Obs, Whiteboards, Hospital@Night, Theatre Aware) which have received very positive feedback from our customers. The market has a massive need for solutions that reduce the burden on clinicians and staff so that they can focus on patients. NHSX strategic goals include ensuring clinical information can be safely accessed wherever it is needed by providing healthcare professions the tools to access information and services directly - this offers great potential to vendors, such as ourselves, offering innovative, clinician led solutions. Our latest MAXIMS solutions and product strategy rethink how clinicians will interact with the MAXIMS Platform by providing a more seamless and instinctive user experience (mobile applications). We have reimagined a MAXIMS platform that will focus on harnessing data to drive operational and clinical efficiencies across healthcare settings. Our solutions are now designed to be part of a wider framework that focus on prevention, supports population health outcomes and support integrated health and care systems (supporting the growing number of patients with multiple-long term conditions that require several care services).

The UK market, is challenged by NHS funding issues arising from increasing demand pressures on the healthcare system, exacerbated by the impact of an ageing population, NHS reorganisation, and the ongoing political uncertainty from the Brexit Referendum and its aftermath, and the UK elections. Many NHS providers and commissioners ran significant deficits in their budgets for the last several years and leaving the NHS facing a major or severe funding problem.

Strategic report (continued)

For the financial year ended 31 December 2020

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the Company are in the following categories:

Market

The Company is exposed to market risk. While a significant level of the group's revenues are of a recurring nature, the prosperity and development of the group, and the Company, is highly reliant on the closing of new contracts, primarily from the NHS but in the private market also. In order to mitigate this risk, the Company is assiduous in developing the products, the deployment methodology enabling the roll-out of its systems, and its relationships with key decision makers in the market, so as to ensure that its platform is pertinent to the needs of the healthcare market and profitably deliverable at an economic competitive price.

Economic

The Company is exposed to the risk of foreign exchange losses, increased interest rates and or inflation having an adverse impact on served markets.

Competitor

The directors of the Company manage competition through close attention to market research, benchmarking with competition, and recruitment of highly skilled professional staff.

Financial

The Company prepares regular cash flow forecasts to review liquidity requirements and has prepared detailed plans covering the next 12 months of trading. The plan is updated on a regular basis as and when new information becomes available. The directors have financial reporting procedures to manage credit, liquidity and other financial risk.

Financial key performance indicators

The Company is a wholly owned subsidiary of Irish Medical Systems (Holdings) Limited ("Holdings"). The 2020 KPIs for the Company and the consolidated Holdings company were as follows:

	Company		Holdings	
	2020	2019	2020	2019
	£	£	€	€
Turnover	5.0m	4.9m	6.8m	7.0m
EBITDA	0.2m	(1.1m)	2.1m	0.8m
Pre-tax loss	(0.5m)	(1.1m)	(0.8m)	(2.1m)
Net (liabilities)/assets	(7.2m)	(6.7m)	8.1m	9.2m

The directors note the results of the group during the year, which reflect the significant upfront investment undertaken in recent years to extend the breadth and depth of the MAXIMS platform. The Company continues to enjoy the committed backing and financial support of its ultimate beneficial owner, Thomas Anderson.

Research and development

The group parent, Holdings, continues to invest heavily, c. €3.1million pa, in its unified domain platform from which its product suite is delivered. The group is a pioneer of open standards in the deployment of IT EPR systems, in association with the NHS and HSE, with a view to making available to clinicians and other health care professionals, the most cost effective, robust, interoperable, intuitive IT solutions.

Strategic report (continued)

For the financial year ended 31 December 2020

Research and development (continued)

Arising from the continued significant investment in its platform, and the incorporation of significant input from clinical and administrative users in the design process, the IMS MAXIMS suite of clinical and administrative software products is highly regarded throughout the UK and Irish healthcare sectors. Our range extends from large-scale systems to administer patient services across entire hospitals or trusts to specialised packages for tasks such as bed management or pathology and radiology order communications. MAXIMS products are highly functional and scalable, using robust and proven technology, and have been developed with clinical input to guarantee user-friendliness and clinical effectiveness.

It is our view that the next generation and era of Digital Healthcare should shift the focus onto how patient data is leveraged to improve the clinicians experience and patient outcomes. Our investment programme and strategy has focussed on solutions that rethink how clinicians will interact with the MAXIMS Platform by providing a more seamless and instinctive user experience. We have invested in enhancing the MAXIMS platform that will focus on harnessing data to drive operational and clinical efficiencies across healthcare settings.

We have invested heavily in developing an open ubiquitous interoperability platform that will empower clinicians by providing and harnessing a complete picture of the patient via seamless sharing of information across care settings. This ultimately delivers the foundations of an enterprise-wide approach to population health management. Our platform is now architected to always provide clinicians with a complete, accurate and trusted “Source of Truth” of their patients. By investing in the creation of an open, unified, scalable, and modular architecture it will enable our customers:

- Converting data to insights using an end-to-end ecosystem
- Open ecosystem, platform and architecture of interoperable apps, services and content
- Plug and play interoperability
- Open and unified clinical domain
- Enterprise-wide approach to population health-management
- Enabling personalized medicine
- Right Treatment to the right patient at the right time
- Enabling a learning health system
- Capacity and Patient Flow management
- Real-time and predictive analytics
- Care Coordination
- Actionable information and knowledge
- Collection of data from patients (Wearables, IoT, Patient Apps etc.)

This strategic investment in our platform will accelerate our ambitions in the market and provide for several new opportunities:

- National, Regional, LHCRE and ICS wide solutions: Sharing live patient information within or across regions
- Population Health Management: Integrated care and systems that would deliver true personalised care. Ensuring the right care is given at the right time by the right person.
- Underpin the NHS Long Term Plan: Digitally enable ‘out of hospital’ care and enable the seamless flow of patient care data between health services
- Reduce pressures on staff and services: Enabling productive working, using technology to gain efficiencies in the delivery of services

Strategic report (continued)

For the financial year ended 31 December 2020

Research and development (continued)

- Enable patients access their healthcare records: Delivering person-centered care, promoting self-management and care
- Enables a learning health system: Agility to adapt to new ways of working, new care plans, redesign of services etc.
- Supports continuous innovation and emerging technologies: without having to rip and replace legacy systems
- Vertical Integration

The Company is presently the major beneficiary of this investment programme, which is undertaken by its sister company in the group, Irish Medical Systems (Computers) Limited.

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



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Brian Timmons
Director

Date: 28/02/2022

Director's report

For the financial year ended 31 December 2020

The director presents his report and the financial statements for the financial year ended 31 December 2020.

Results and dividends

The loss for the financial year, after taxation, amounted to £497,169 (2019: £1,102,355).

There were no dividends recommended or paid to shareholders during the financial year (2019: £Nil)

Directors

The director who served during the financial year was as follows:

Brian Timmons

Going concern

These financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for at least 12 months from the date of approval of the financial statements. During the year the Company made a loss of £497,169 (2019: £1,102,355) and at 31 December 2020 net liabilities amounted to £7,174,147 (2019: £6,676,978).

The director of the Company has prepared detailed financial forecasts for the short and medium term. The Company's forecasts and projections reflect key assumptions based on information available at the time of the review. Based on the forecast, the Company's ability to discharge its liabilities over the next 12 months is dependent solely from the letter of financial support from its ultimate parent company, Medical 2 Systems Limited, and ultimate beneficial owner, Thomas Anderson. Management assessed Thomas Anderson's ability and long history of providing support to the Company and concluded it is appropriate to prepare the financial statement on a going concern basis.

COVID-19 Impact on operations

Trading has been difficult from the end of the Quarter 1 2020, implementations have stalled as hospital staff have been deployed elsewhere to cope with the pandemic. As the HSE & The NHS have come to grips with the pandemic, through lockdowns and vaccination programmes, a working normality has started to re-emerge, and all our current implementations are on track to be completed before the end of 2021.

Sales activity has slowed due to remote working and limited access to prospects, trade fairs have been cancelled and procurements have been delayed. Fortunately, activity in the market is picking up again, IMS have won two major contracts in 2021, and our commercial development team are pursuing multiple live targets.

The Company's customer support operations have held up well under COVID-19 pressures, and pre-pandemic business continuity planning has proven to work well and ensured that our healthcare customers continued to receive top quality support throughout this period.

The director remains optimistic on the increased importance of integrated and interoperable healthcare software going into the future, it is felt that the inherent inadequacies in current systems and the stresses placed thereon, will have been highlighted during the pandemic, for example Public Health England's use of spreadsheets to consolidate swab test results and the resulting loss of data. As the market opens up post pandemic, there will be multiple opportunities available for IMS to win.

Director's report (continued)

For the financial year ended 31 December 2020

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he 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's auditor is aware of that information.

Events since the year end and future developments

There have been no other significant events affecting the Company since the year end and the director does not envisage any substantial change to the nature of the business in the foreseeable future.

Auditor

The auditor, Grant Thornton, 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.



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Brian Timmons

Director

Date: 28/02/2022

Director's responsibilities statement

For the financial year ended 31 December 2020

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 director must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



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Brian Timmons
Director

Date: 28/02/2022

Independent auditor's report to the members of Integrated Medical Solutions Limited

Opinion

We have audited the financial statements of Integrated Medical Solutions Limited, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity for the financial year ended 31 December 2020, and the related 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Integrated Medical Solutions Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the year then ended; 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 'Responsibilities of the auditor 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 United Kingdom, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. 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 director's use of 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 Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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



Independent auditor's report to the members of Integrated Medical Solutions Limited (continued)

Other information

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon, including the Director's report and the Strategic Report.

The director is responsible for the other information. Our opinion on the financial statements does not cover the 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 in the financial statements, 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.

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 Director's report and the Strategic Report for the year for which the financial statements are prepared is consistent with the financial statements, and
- the Director's report and the Strategic 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 Company and its environment we have obtained in the course of the audit, we have not identified material misstatements in the Director's report and the Strategic 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or



Independent auditor's report to the members of Integrated Medical Solutions Limited (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 and for such internal control as the director 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, management is responsible for assessing the 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 management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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 an auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with data protection requirements in the jurisdictions in which the Company operates and holds data, non-compliance related to employment regulation in the UK and other environment regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and local tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.



Independent auditor's report to the members of Integrated Medical Solutions Limited (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the company's regulatory and legal correspondence and review of minutes of board meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud; discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- challenging assumptions and judgements made by management in their significant accounting estimates, including cost to completion, trade debtors and provisions;
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

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.

Stephen Murray (Senior Statutory Auditor)
for and on behalf of

Grant Thornton
Chartered Accountants & Statutory Auditors
Dublin
Ireland

Date: 28 February 2022

Statement of comprehensive income

For the financial year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	5,092,405	4,882,491
Cost of sales		(408,029)	(434,971)
Gross profit		4,684,376	4,447,520
Administrative expenses		(4,020,472)	(3,940,349)
Other operating charges		(436,286)	(849,896)
Operating income before depreciation & amortisation - EBITDA	4	227,618	(342,725)
Depreciation & amortisation		(727,796)	(740,336)
Operating loss	4	(500,178)	(1,083,061)
Interest receivable		7,500	-
Interest payable	7	(4,491)	(19,194)
Loss before tax		(497,169)	(1,102,255)
Tax on loss	8	-	(100)
Loss for the financial year		(497,169)	(1,102,355)

There was no other comprehensive income for 2020 (2019: £NIL).

The notes on pages 16 to 29 form part of these financial statements.

Integrated Medical Solutions Limited
Registered number:03037895

Balance sheet

As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible fixed assets		2,598,601	2,867,313
Investments	10	65,069	65,069
		<u>2,663,670</u>	<u>2,932,382</u>
Current assets			
Debtors: amounts falling due within one year	11	2,172,414	1,490,693
Cash at bank and in hand	13	795,988	270,631
		<u>2,968,402</u>	<u>1,761,324</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(12,806,219)	(11,370,684)
		<u>(9,837,817)</u>	<u>(9,609,360)</u>
Net current liabilities		<u>(7,174,147)</u>	<u>(6,676,978)</u>
Total assets less current liabilities		<u>(7,174,147)</u>	<u>(6,676,978)</u>
Net liabilities		<u>(7,174,147)</u>	<u>(6,676,978)</u>
Capital and reserves			
Called up share capital	20	930,100	930,100
Share premium account	19	8,370,000	8,370,000
Profit and loss account	19	(16,474,247)	(15,977,078)
		<u>(7,174,147)</u>	<u>(6,676,978)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 February 2022.



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Brian Timmons
Director

The notes on pages 16 to 29 form part of these financial statements.

Statement of changes in equity

For the financial year ended 31 December 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	930,100	8,370,000	(15,977,078)	(6,676,978)
Comprehensive loss for the financial year				
Loss for the financial year	-	-	(497,169)	(497,169)
At 31 December 2020	<u>930,100</u>	<u>8,370,000</u>	<u>(16,474,247)</u>	<u>(7,174,147)</u>

Statement of changes in equity

For the financial year ended 31 December 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	930,100	8,370,000	(14,874,723)	(5,574,623)
Comprehensive loss for the financial year				
Loss for the financial year	-	-	(1,102,355)	(1,102,355)
At 31 December 2019	<u>930,100</u>	<u>8,370,000</u>	<u>(15,977,078)</u>	<u>(6,676,978)</u>

The notes on pages 16 to 29 form part of these financial statements.

Notes to the financial statements

For the financial year ended 31 December 2020

1. Accounting policies

1.1 General information

The Company is a private company limited by shares and was incorporated in the United Kingdom and has a registered office at Ims Maxims Spaces, 100 Avebury Boulevard, Centrl Milton Keynes, Milton Keynes, United Kingdom, MK9 1FH. The principal activity of the Company during the year was developing and implementing high-quality healthcare information systems for the UK healthcare sector.

1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of section 7 Statement of Cash Flows;
- The requirements of section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- The requirements of section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29 (b) and 12.29A; and
- The requirements of section 33 Related Party Transactions 33.7.

This information is included in the consolidated financial statements of Irish Medical Systems (Holdings) Limited, a company incorporated in Ireland, as at 31 December 2020, and these financial statements may be obtained from the Registrar of Companies in Ireland.

The following principal accounting policies have been applied:

1.3 Turnover

Turnover comprises the value (excluding value added tax and trade discounts) of goods sold and services rendered in the normal course of business. Turnover comprises software business, support and maintenance services and other products and services including hardware, training and project management services.

Turnover on long term contracts is recognised based on the percentage of total projects completed as at a given point in time. These percentages are based on agreed parameters as set initially by management and relate to the stage of completion of the project. This ensures that revenues and costs are evenly matched and that profits, if any, taken to the Statement of Comprehensive Income at the end of the accounting period reflect the proportion of the project completed at that date.

Notes to the financial statements

For the financial year ended 31 December 2020

1. Accounting policies (continued)

1.3 Turnover (continued)

Support and maintenance services revenue is recognised evenly on a straight line basis over the period of the contract.

In the case where separable revenue items are contractually tied to implementation, then said revenue is recognised over the period of implementation once a contract has commenced to ensure that revenue and costs are appropriately aligned.

1.4 Research and development

Research expenditure is written off in the year in which it is incurred. Development expenditure incurred on clearly defined projects whose outcome can be assessed with reasonable certainty is carried forward and amortisation is charged from that time over the lesser of the life of the project or ten years.

1.5 Going concern

These financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for at least 12 months from the date of approval of the financial statements. During the year the Company made a loss of £497,169 (2019: £1,102,355) and at 31 December 2020 net liabilities amounted to £7,174,147 (2019: £6,676,978).

The director of the Company has prepared detailed financial forecasts for the short and medium term. The Company's forecasts and projections reflect key assumptions based on information available at the time of the review. Based on the forecast, the Company's ability to discharge its liabilities over the next 12 months is dependent solely from the letter of financial support from its ultimate parent company, Medical 2 Systems Limited, and ultimate beneficial owner, Thomas Anderson. Management assessed Thomas Anderson's ability and long history of providing support to the Company and concluded it is appropriate to prepare the financial statement on a going concern basis.

1.6 Other intangibles and amortisation

Expenditure incurred on intangible assets is capitalised and amortised over the anticipated useful economic life. The carrying amount is reviewed at each balance sheet date to determine whether there is any indication of impairment. In assessing assets for impairment, the assets recoverable amount is estimated. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Development expenditure	10% straight line
Website	20% straight line

The carrying amount of the depreciable assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. Non depreciable assets are assessed annually for impairment. In assessing assets for impairment, the assets recoverable amount is estimated. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Notes to the financial statements

For the financial year ended 31 December 2020

1. Accounting policies (continued)

1.7 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

1.8 Pension costs

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

1.12 Debtors

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

1.13 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.

Notes to the financial statements

For the financial year ended 31 December 2020

1. Accounting policies (continued)

1.14 Creditors

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

1.15 Financial instruments

The Company 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 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 Company 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 financial year ended 31 December 2020

2. Judgments in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Fixed asset investments

Management must determine whether there are indicators of impairment of the company's carrying value of investments in subsidiary companies. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the subsidiaries and their current net asset values.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Revenue recognition

Management apply a robust methodology in determining the appropriate revenue recognition pattern on a contract by contract basis.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and physical obsolescence that may change the utility of certain property, plant and equipment.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Turnover

Analysis of turnover by class of business is as follows:

	2020	2019
	£	£
Services, implementation & training	2,159,790	2,283,411
Maintenance	2,406,643	2,233,642
Other income	525,972	365,438
	<u>5,092,405</u>	<u>4,882,491</u>

All turnover arose within the United Kingdom.

4. Operating loss

The operating loss is stated after charging:

	2020	2019
	£	£
Amortisation of intangible assets	727,796	740,336
Exchange differences	499,276	(355,098)
Operating lease rentals	73,805	179,398
Defined contribution pension cost	105,976	134,014
	<u>1,306,853</u>	<u>698,650</u>

5. Employees

Total wages, salaries and pension costs capitalised as development costs during the year amounted to £459,084 (2019: £453,216).

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

	2020	2019
	No.	No.
Central	10	8
Platform	6	6
Support	7	6
Implementation	14	15
Sales	6	7
Technical services	3	5
	<u>46</u>	<u>47</u>

Notes to the financial statements

For the financial year ended 31 December 2020

6. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	38,333	210,238
Company contributions to defined contribution pension schemes	2,300	29,140
	<u>40,633</u>	<u>239,378</u>

At year end retirement benefits were accruing to directors of £NIL (2019 - £NIL) in respect of defined contribution pension schemes. The highest paid director received remuneration of £36,033 (2019 - £110,000). Pension contributions relating to the highest paid director amounted to £NIL (2019: £NIL).

7. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	4,491	19,194
	<u>4,491</u>	<u>19,194</u>

8. Taxation

	2020 £	2019 £
Corporation tax		
Current tax credit on loss for the year	-	100
Total current tax	<u>-</u>	<u>100</u>
Taxation on loss on ordinary activities	<u>-</u>	<u>100</u>

Notes to the financial statements

For the financial year ended 31 December 2020

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the financial year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(497,169)</u>	<u>(1,102,255)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(94,462)	(209,428)
Effects of:		
Expenses not deductible for tax purposes	37,622	37,968
Unrelieved tax losses carried forward	56,840	171,560
Total tax charge for the financial year	<u>-</u>	<u>100</u>

Notes to the financial statements

For the financial year ended 31 December 2020

9. Intangible assets

	Development expenditure £
Cost	
At 1 January 2020	10,280,813
Additions - internal	459,084
At 31 December 2020	<u>10,739,897</u>
Amortisation	
At 1 January 2020	7,413,500
Charge for the financial year	727,796
At 31 December 2020	<u>8,141,296</u>
Net book value	
At 31 December 2020	<u>2,598,601</u>
At 31 December 2019	<u>2,867,313</u>

The directors are satisfied that the carrying value of intangible assets are not stated in excess of their recoverable amount.

Notes to the financial statements

For the financial year ended 31 December 2020

10. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	265,069
At 31 December 2020	<u>265,069</u>
Impairment	
At 1 January 2020	200,000
At 31 December 2020	<u>200,000</u>
Net book value	
At 31 December 2020	<u>65,069</u>
At 31 December 2019	<u>65,069</u>

At 1 January 2020 and 31 December 2020, the Company held investments in the ordinary shares and voting rights of two companies registered in the United Kingdom; Preview Health Limited and Beronbrook Limited. Both companies are involved in the marketing and development of software systems for the healthcare industry. The registered office of both companies is at Ims Maxims Spaces, 100 Avebury Boulevard, Centrl Milton Keynes, Milton Keynes, United Kingdom, MK9 1FH.

Under S400 of the Companies Act 2006 the Company is exempt from the requirement to prepare consolidated financial statements on the basis that they are included within the consolidated accounts of the immediate parent undertaking Irish Medical Systems (Holdings) Limited. Consequently, these financial statements deal with the results of the Company as a single entity.

The directors have considered the carrying values of these investments and recognised an impairment of £NIL in 2020 (2019: NIL).

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Principal activity	Holding (%)
Beronbrook Limited	Ordinary	Dormant company	100
Preview Health Limited	Ordinary	Dormant company	100

Notes to the financial statements

For the financial year ended 31 December 2020

10. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the financial year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	£	£
Beronbrook Limited	-	-
Preview Health Limited	1	1

11. Debtors: Amounts falling due within one year

	2020	2019
	£	£
Trade debtors	838,713	226,892
Other debtors	-	239
Prepayments	10,182	51,698
Amounts owed by group undertakings	337,155	-
Accrued income	107,261	332,761
Deferred taxation	879,103	879,103
	<u>2,172,414</u>	<u>1,490,693</u>

An impairment loss of £NIL (2019: £NIL) is recognised against trade debtors.

12. Deferred taxation

	2020	2019
	£	£
At beginning of year	879,103	879,103
At end of year	<u>879,103</u>	<u>879,103</u>

The deferred tax asset is made up as follows:

	2020	2019
	£	£
Tax losses carried forward	<u>879,103</u>	<u>879,103</u>

Notes to the financial statements

For the financial year ended 31 December 2020

13. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	795,988	270,631
	<u>795,988</u>	<u>270,631</u>

14. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	255,081	366,263
Amounts owed to group undertakings	9,714,566	9,660,352
Other taxation and social security	1,814,947	230,179
Other creditors	5,873	2,070
Accruals	94,753	137,882
Deferred income	920,999	973,938
	<u>12,806,219</u>	<u>11,370,684</u>

Trade and other creditors are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

The amounts owed to group undertakings are unsecured, interest free and have no fixed repayment terms.

Due to the impact of Covid-19, the Company availed of a tax warehousing scheme where it was able to delay payments of its National Insurance and VAT.

All taxes including social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

	2020	2019
	£	£
Other taxation and social security		
PAYE/NI	909,908	176,728
VAT	905,039	53,451
	<u>1,814,947</u>	<u>230,179</u>

15. Loan security

A floating charge was registered against all property of the Company in favour of a third party lender for the purpose of securing the loan granted to Irish Medical Systems (Computers) Limited, a wholly owned company of Irish Medical Systems (Holding) Limited (Parent company).

Notes to the financial statements

For the financial year ended 31 December 2020

16. Pension commitments

The Company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge for the year was £105,976 (2019: £155,101). An element of the pension charge has been capitalised as part of development costs. The unpaid contribution outstanding at the year-end included in accruals is £34,974 (2019: £28,906).

17. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Not later than 1 year	-	93,250

18. Related party transactions

The Company has availed of the exemption provided in FRS 102, Section 33, "Related Party Disclosures" not to disclose transactions entered into with fellow group companies that are wholly owned within the group of Companies of which the Company is a wholly owned member.

The Company recognised accounts receivable from its parent company amounting to £337,155 (2019: payable £28,500) consisting of advances to its principal investor.

19. Reserves

Share premium account

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. There was no movement on the share premium account during the year 2020: £8,370,000 (2019: £8,370,000).

Profit and loss account

The profit and loss account includes all current and prior periods retained profits and losses. The accumulated losses at 31 December 2020 were £16,474,247 (2019: £15,977,078).

Notes to the financial statements

For the financial year ended 31 December 2020

20. Share capital

	2020	2019
	£	£
Authorised		
1,000,000 (2019 - 1,000,000) Ordinary shares of £1.00 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
930,100 (2019 - 930,100) Ordinary shares of £1.00 each	<u>930,100</u>	<u>930,100</u>

21. Post balance sheet events

On 21 August 2021, a further fixed and floating charge was registered covering all property of the Company in favour of a third part lender for the purpose of securing a loan facility dated 30 July 2021 as granted to Irish Medical Systems (Computers) Limited, a wholly owned company of Irish Medical Systems (Holding) Limited (Parent company).

There have been no other significant events affecting the Company since the year end. The Company directors continue to monitor and assess the impact of the Covid-19 pandemic on stakeholders and staff and the related restrictions on the Company.

22. Controlling party

The immediate parent undertaking is Irish Medical Systems (Holdings) Limited a company incorporated in the Republic of Ireland with its registered office and Irish Lights Building, Harbour Road, Dun Laoghaire, Co. Dublin. The ultimate parent undertaking is Medical 2 Systems Limited, a company incorporated in the Isle of Man with its registered office at Fort Anne, Douglas, Isle of Man, IM1 5PD.

The smallest and largest group into which the results of Integrated Medical Solutions Limited are incorporated is that headed up by Irish Medical Systems (Holdings) Limited, a company incorporated in the Republic of Ireland with its registered office at Irish Lights Building, Harbour Road, Dun Laoghaire, Co. Dublin. Group financial statements of Irish Medical Systems (Holdings) Limited are filed with the Companies Registration Office.

23. Approval of financial statements

The board of directors approved these financial statements for issue on 28 February 2022.