

Athona Limited

Annual Report and Financial Statements

For the year ended 31 July 2023

Company Registration No. 04854351 (England and Wales)

Athona Limited

Company Information

Directors	S D London T London
Company number	04854351
Registered office	Orbital House 20 Eastern Road Romford Essex RM1 3PJ
Auditors	Moore Kingston Smith LLP Orbital House 20 Eastern Road Romford Essex RM1 3PJ
Business address	2nd Floor, Kingsgate House 1 King Edward Road Brentwood Essex United Kingdom CM14 4HG

Athona Limited

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Athona Limited

Strategic Report

For the year ended 31 July 2023

The directors present the strategic report and financial statements for the year ended 31 July 2023.

The principal activity of the company throughout the year was the operation of healthcare recruitment.

Review of the Business

The healthcare business reported turnover of £59,873,750 (2022 as restated: £50,496,358) for the year, which was 18.6% higher compared to the prior year. Cost of sales were tightly monitored and controlled which resulted in the gross profit for the healthcare business increasing by 11.9% to £8,980,800 (2022 as restated: £8,029,323). Despite an increase in overhead expenses, mainly due to additional staff costs, EBIT was higher than the prior year for the healthcare business by £380,629.

In terms of compliance, the Locum Doctors, AHP and Nursing divisions have continued to maintain their high standards of compliance with the National Staffing Frameworks Workforce Alliance (formally CPP and CCS) and H.T.E. Following a successful audit of the business's ISO9001:2015 Quality Management System which passed with no nonconformities identified we were recommended for continued registration.

The company values communication between senior management and employees on all matters affecting the welfare of the business. Monthly management meetings are held between the Directors and Business Managers to allow the free flow of information and ideas.

Principal Risks and Uncertainties

The company's principal financial instruments comprise its trade debtors and trade creditors. The business finance agreement with RBS Invoice Finance Limited, through which it factors its trade debt, is secured by a fixed and floating charge over the assets of the company.

The company is aware of the risk of bad debt. The Directors have established relationships with clients and are also identifying any credit issues in a timely manner.

Financial Risk Management Objectives and Policies

The company seeks to manage and minimise financial risk by ensuring that sufficient funding is available at all times to meet foreseeable needs.

The company manages business risk by maintaining very strong relationships with clients, suppliers and employees, and also by making changes in response to market conditions in the recruitment industry.

Key Performance Indicators

The company's key performance indicators are as follows -

	2023	2022 as restated
Turnover	£59,873,750	£50,496,358
Gross profit	£8,980,800	£8,029,323
Gross profit margin	15.00%	15.90%
EBIT	£2,019,274	£1,638,645

Athona Limited

Strategic Report (Continued)

For the year ended 31 July 2023

Future Developments

The company experienced growth across the business during the year, with both the Doctors and Nursing divisions increasing their market share. The company is continuing to saturate current market sectors by increasing the candidate and client base within specific geographical regions. By moving into new market sectors, the aim is to minimise the risk of being dependent on the current sectors.

The company has historically dealt with clients in both public and private sectors, however currently and going forward we are seeing continued growth in our private sector clients.

The company has continued to support a number of Service Level Agreements during the year, and has maintained its sole supplier status for a number of clients.

The company will look to grow the headcount of the sales teams and support functions. This will enable us to continue to expand and maintain high standards of client customer service, which in turn will maintain and enhance the company's market saturation.

Owing to the factors outlined above, the outlook for the company is very positive and strong for the future.

On behalf of the board

S D London

Director

15 April 2024

Athona Limited

Directors' Report

For the year ended 31 July 2023

The directors present their report and financial statements for the year ended 31 July 2023.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £418,539 (2022: £390,390). The directors do not recommend payment of a final dividend.

Directors

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

S D London
T London

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of risk management and future developments.

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Directors' Report (Continued)

For the year ended 31 July 2023

Statement of disclosure to auditor

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

On behalf of the board

S D London

Director

15 April 2024

Athona Limited

Independent Auditor's Report

To the Members of Athona Limited

Opinion

We have audited the financial statements of Athona Limited (the 'company') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including 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 company's affairs as at 31 July 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 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.

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.

Athona Limited

Independent Auditor's Report (Continued)

To the Members of Athona Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

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Independent Auditor's Report (Continued)

To the Members of Athona Limited

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Independent Auditor's Report (Continued)

To the Members of Athona Limited

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Springfield (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

16 April 2024

Chartered Accountants
Statutory Auditor

Orbital House
20 Eastern Road
Romford
Essex
RM1 3PJ

Athona Limited

Statement of Comprehensive Income

For the year ended 31 July 2023

		2023	2022
	Notes	£	as restated £
Turnover	3	59,873,750	50,496,358
Cost of sales		(50,892,950)	(42,467,035)
Gross profit		8,980,800	8,029,323
Administrative expenses		(7,207,903)	(6,655,386)
Other operating income		246,377	264,708
Operating profit	4	2,019,274	1,638,645
Interest receivable and similar income		151	-
Interest payable and similar expenses	7	(178,897)	(83,983)
Profit before taxation		1,840,528	1,554,662
Tax on profit	8	(401,474)	(318,193)
Profit for the financial year		1,439,054	1,236,469

The statement of income and retained earnings has been prepared on the basis that all operations are continuing operations.

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Balance Sheet

As at 31 July 2023

		2023		2022 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10		165,360		54,081
Tangible assets	11		75,859		172,725
Investments	12		3		3
			<u>241,222</u>		<u>226,809</u>
Current assets					
Debtors	14	10,643,619		10,406,171	
Cash at bank and in hand		175,501		17,497	
		<u>10,819,120</u>		<u>10,423,668</u>	
Creditors: amounts falling due within one year	15	(8,454,569)		(9,055,733)	
Net current assets			<u>2,364,551</u>		<u>1,367,935</u>
Total assets less current liabilities			<u>2,605,773</u>		<u>1,594,744</u>
Creditors: amounts falling due after more than one year	16		-		(21,334)
Provisions for liabilities			<u>(56,474)</u>		<u>(44,626)</u>
Net assets			<u><u>2,549,299</u></u>		<u><u>1,528,784</u></u>
Capital and reserves					
Called up share capital	20		32,000		32,000
Profit and loss reserves			<u>2,517,299</u>		<u>1,496,784</u>
Total equity			<u><u>2,549,299</u></u>		<u><u>1,528,784</u></u>

The financial statements were approved by the board of directors and authorised for issue on 15 April 2024 and are signed on its behalf by:

S D London
Director

T London
Director

Company Registration No. 04854351

Athona Limited

Statement of Changes in Equity

For the year ended 31 July 2023

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
As restated for the period ended 31 July 2022:				
Balance at 1 August 2021		32,000	943,205	975,205
Effect of prior year adjustment resulting from sales credits net of tax		-	(292,500)	(292,500)
As restated		32,000	650,705	682,705
Year ended 31 July 2022:				
Profit and total comprehensive income for the year		-	1,236,469	1,236,469
Dividends	9	-	(390,390)	(390,390)
Balance at 31 July 2022		32,000	1,496,784	1,528,784
Year ended 31 July 2023:				
Profit and total comprehensive income for the year		-	1,439,054	1,439,054
Dividends	9	-	(418,539)	(418,539)
Balance at 31 July 2023		32,000	2,517,299	2,549,299

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Statement of Cash Flows

For the year ended 31 July 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	27	1,864,809		839,336	
Interest paid		(178,897)		(83,983)	
Income taxes paid		(742,580)		(264,501)	
Net cash inflow from operating activities		<u>943,332</u>		<u>490,852</u>	
Investing activities					
Purchase of intangible assets		(164,765)		(8,402)	
Purchase of tangible fixed assets		(30,766)		(28,447)	
Advances of other investments and loans		(93,000)		(22,000)	
Net cash used in investing activities		<u>(288,531)</u>		<u>(58,849)</u>	
Financing activities					
Payment of finance leases obligations		(78,258)		(134,479)	
Dividends paid		(418,539)		(390,390)	
Net cash used in financing activities		<u>(496,797)</u>		<u>(524,869)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>158,004</u>		<u>(92,866)</u>	
Cash and cash equivalents at beginning of year		<u>17,497</u>		<u>110,363</u>	
Cash and cash equivalents at end of year		<u><u>175,501</u></u>		<u><u>17,497</u></u>	

Athona Limited

Notes to the Financial Statements

For the year ended 31 July 2023

1 Accounting policies

Company information

Athona Limited is a private company limited by shares incorporated in England and Wales. The registered office is Orbital House, 20 Eastern Road, Romford, Essex, RM1 3PJ and the business address is Kingsgate House, 2nd Floor, 1 King Edward Road, Brentwood, Essex, CM14 4HG.

1.1 Accounting convention

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

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

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

The financial statements present information about the company as an individual entity and not about its group. The three subsidiary undertakings, being dormant £1 companies, are considered to be immaterial and the directors therefore have not prepared consolidated financial statements for the year under review.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for a period of at least 12 months following approval of these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

Turnover represents revenue earned under a variety of contracts to provide professional recruitment services. Turnover is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are stated at cost less accumulated amortisation. Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Computer software	25% straight line
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Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Fixtures, fittings & equipment	25% straight line
Computer equipment	25% straight line

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

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price and are subsequently carried at amortised cost using the effective interest rate method.

1.9 Equity instruments

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

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Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

1 Accounting policies

(Continued)

1.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

1.11 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.12 Share-based payments

The company has established an EMI share option scheme for eligible employees.

The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the company's estimate of shares or options that will eventually vest.

The company has no cash-settled share based payment arrangements.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

1 Accounting policies

(Continued)

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic life of intangible fixed assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. See note 10 for the carrying amount of the intangible assets and note 1.4 for the useful economic lives for each class of asset.

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. See note 11 for the carrying amount of the tangible fixed assets and note 1.5 for the useful economic lives for each class of asset.

Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

3 Turnover and other revenue

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

	2023	2022
	£	as restated £
Turnover analysed by class of business		
Rendering of services	59,873,750	50,496,358
Grants received	-	1,951
Turnover analysed by geographical market		
United Kingdom	59,873,750	50,496,358

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(1,951)
Fees payable to the company's auditor for the audit of the company's financial statements	22,000	21,653
Depreciation of owned tangible fixed assets	5,046	1,879
Depreciation of tangible fixed assets held under finance leases	122,586	155,460
Amortisation of intangible assets	53,486	54,163
Operating lease charges	343,714	336,948

5 Employees

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

	2023 Number	2022 Number
Directors	2	2
Sales	48	46
Administration	52	51
Total	102	99

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Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

5 Employees

(Continued)

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	4,928,037	4,539,547
Social security costs	529,920	506,989
Pension costs	60,478	57,097
	<u>5,518,435</u>	<u>5,103,633</u>

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	<u>41,727</u>	<u>38,464</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 2).

7 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases	3,544	9,913
Finance charges on debt factoring facilities	175,353	74,070
	<u>178,897</u>	<u>83,983</u>

8 Taxation

	2023 £	2022 as restated £
Current tax		
UK corporation tax on profits for the current period	<u>389,626</u>	<u>328,262</u>
Deferred tax		
Origination and reversal of timing differences	<u>11,848</u>	<u>(10,069)</u>
Total tax charge	<u>401,474</u>	<u>318,193</u>

On 1 April 2023, the UK corporation tax rate increased from 19% to 25%. Therefore, the effective tax rate at 31 July 2023 is 25%.

Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

8 Taxation

(Continued)

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

	2023 £	2022 as restated £
Profit before taxation	1,840,528	1,554,662
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)</i>	460,132	295,386
Tax effect of expenses that are not deductible in determining taxable profit	8,764	12,516
Effect of change in corporation tax rate	(74,094)	-
Permanent capital allowances in excess of depreciation	5,146	-
Depreciation on assets not qualifying for tax allowances	-	10,291
Capital items expensed	1,526	-
Taxation charge for the year	401,474	318,193

9 Dividends

	2023 £	2022 £
Interim paid	418,539	390,390

Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

10 Intangible fixed assets

	Computer software £
Cost	
At 1 August 2022	419,652
Additions	164,765
	<u> </u>
At 31 July 2023	584,417
	<u> </u>
Amortisation and impairment	
At 1 August 2022	365,571
Amortisation charged for the year	53,486
	<u> </u>
At 31 July 2023	419,057
	<u> </u>
Carrying amount	
At 31 July 2023	165,360
	<u> </u>
At 31 July 2022	54,081
	<u> </u>

11 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost			
At 1 August 2022	413,283	331,236	744,519
Additions	23,468	7,298	30,766
	<u> </u>	<u> </u>	<u> </u>
At 31 July 2023	436,751	338,534	775,285
	<u> </u>	<u> </u>	<u> </u>
Depreciation and impairment			
At 1 August 2022	359,697	212,097	571,794
Depreciation charged in the year	50,212	77,420	127,632
	<u> </u>	<u> </u>	<u> </u>
At 31 July 2023	409,909	289,517	699,426
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 31 July 2023	26,842	49,017	75,859
	<u> </u>	<u> </u>	<u> </u>
At 31 July 2022	53,586	119,139	172,725
	<u> </u>	<u> </u>	<u> </u>

Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023 £	2022 £
Plant and machinery	30,433	153,019
Depreciation charge for the year in respect of leased assets	122,586	155,460

12 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	13	3	3

13 Subsidiaries

These financial statements are separate company financial statements for Athona Limited.

Details of the company's subsidiaries at 31 July 2023 are as follows:

Name of undertaking	Country	Nature of business	Class of shares held	% Held Direct
Athona Doctors Limited	England and Wales	Dormant	Ordinary	100.00
Athona Health Limited	England and Wales	Dormant	Ordinary	100.00
Athona Clinical Services Limited	England and Wales	Dormant	Ordinary	100.00

All of the above subsidiaries have the same registered office of Orbital House, 20 Eastern Road, Romford, Essex, RM1 3PJ.

14 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	8,804,918	8,738,337
Corporation tax recoverable	194,605	108,576
Other debtors	978,978	945,436
Prepayments and accrued income	665,118	613,822
	10,643,619	10,406,171

Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

15 Creditors: amounts falling due within one year

		2023	2022
	Notes	£	as restated £
Bank loans	17	2,839,501	3,796,417
Obligations under finance leases	18	21,334	78,258
Trade creditors		450,149	265,509
Corporation tax		-	267,076
Other taxation and social security		1,288,571	1,396,349
Other creditors		1,145,745	1,216,139
Accruals and deferred income		2,709,269	2,035,985
		<u>8,454,569</u>	<u>9,055,733</u>

16 Creditors: amounts falling due after more than one year

		2023	2022
	Notes	£	£
Obligations under finance leases	18	-	21,334
		<u>-</u>	<u>21,334</u>

17 Loans and overdrafts

	2023	2022
	£	£
Bank loans	<u>2,839,501</u>	<u>3,796,417</u>
Payable within one year	<u>2,839,501</u>	<u>3,796,417</u>

The company entered into a business finance agreement with RBS Invoice Finance Limited, through which it factors its trade debts. The agreement is secured by a fixed and floating charge over the assets of the company.

Included in bank loans and overdrafts is an amount owed to RBS Invoice Finance Limited of £2,839,501 (2022: £3,796,417).

18 Finance lease obligations

	2023	2022
	£	£
Future minimum lease payments due under finance leases:		
Within one year	21,334	78,258
In two to five years	-	21,334
	<u>21,334</u>	<u>99,592</u>

Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	56,474	44,626
Movements in the year:		2023 £
Liability at 1 August 2022		44,626
Charge to profit or loss		11,848
Liability at 31 July 2023		56,474

The deferred tax liability set out above is expected to reverse in the future and relates to accelerated capital allowances that are expected to mature within the same period.

The company's deferred tax balances at the reporting date are taxed at an effective rate of 25% (2022: 25%).

Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

20 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	32,000	32,000	32,000	32,000

On 24 May 2017, five employees were issued a total of 1,692 share options at an exercise price of £10.86 per share. The options for all eligible employees are exercisable should the company be acquired, taken over or floated. The expiry date is ten years after the date the options were granted or at an earlier date should the employee cease to be an eligible employee. The share options carry neither rights to dividends nor voting rights. One employee has since left employment which meant that their 282 share options lapsed meaning at the balance sheet date the total number of share options still in issue was 1,410.

On 21 March 2019, six employees were issued a total of 4,408 share options at an exercise price of £9.83 per share. The options for all eligible employees are exercisable should the company be acquired, taken over or floated. The expiry date is ten years after the date the options were granted or at an earlier date should the employee cease to be an eligible employee. The share options carry neither rights to dividends nor voting rights. One employee since left employment which meant that their 1,242 share options lapsed meaning at the balance sheet date the total number of share options still in issue was 3,166.

On 11 May 2021, five employees were issued a total of 6,090 share options at an exercise price of £5.58 per share. The options for all eligible employees are exercisable should the company be acquired, taken over or floated. The expiry date is ten years after the date the options were granted or at an earlier date should the employee cease to be an eligible employee. The share options carry neither rights to dividends nor voting rights.

The estimated fair value was calculated by applying the Black-Scholes option pricing model. The estimated fair value of the share options at the balance sheet date of £41,009 (2022: £33,674) has not been charged to the profit and loss account as the directors consider that it is not material to the financial statements.

21 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution pension schemes was £60,478 (2022: £57,097).

Included within other creditors is an amount of £23,116 (2022: £20,289) due in outstanding pension contributions.

Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

22 Operating lease commitments

Lessee

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

	2023 £	2022 £
Within one year	343,714	297,477
Between two and five years	149,134	371,429
	<u>492,848</u>	<u>668,906</u>

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	<u>1,153,337</u>	<u>802,862</u>

The company is related to Athona Education Limited by virtue of common control under the directors S D London and T London. During the year, the company made a management charge of £230,877 (2022: £237,767) to Athona Education Limited. At the year end, included in other debtors is a balance of £545,904 (2022: £605,522) due from Athona Education Limited.

24 Ultimate controlling party

The company is jointly controlled by the directors who together own the entire share capital.

25 Directors' transactions

During the year dividends of £418,539 (2022: £390,390) were paid to the directors. At the the balance sheet date included in other debtors is an amount of £426,232 (2022: £333,232) due from the directors.

Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

26 Prior period adjustment

It was identified that certain sales made in earlier periods have been invoiced using margins inconsistent with agreements in place. The relevant agreements were in place during the prior periods. Therefore, the resulting error has been accounted for as a prior year adjustment by accruing the sales credits and adjusting for the resulting reduction in corporation tax. The profit effect in year ended 31 July 2022 is a reduction to profit of £526,042, the reduction to profit in earlier periods is £292,500, therefore the total reduction to reserves at 31 July 2022 is £818,542.

Reconciliation of changes in equity

	As at 1 August 2021 £	As at 31 July 2022 £
Adjustments to prior year		
Sales credits	(361,111)	(1,010,546)
Corporation tax effect	68,611	192,004
Total adjustments	(292,500)	(818,542)
Equity as previously reported	975,205	2,347,326
Equity as adjusted	682,705	1,528,784
Analysis of the effect upon equity		
Profit and loss reserves	(292,500)	(818,542)

Reconciliation of changes in profit for the previous financial period

	2022 £
Adjustments to prior year	
Sales credits	(649,435)
Corporation tax effect	123,393
Total adjustments	(526,042)
Profit as previously reported	1,762,511
Profit as adjusted	1,236,469

Athona Limited

Notes to the Financial Statements (Continued)

For the year ended 31 July 2023

27 Cash generated from operations

	2023 £	2022 as restated £
Profit for the year after tax	1,439,054	1,236,469
Adjustments for:		
Taxation charged	401,474	318,193
Finance costs	178,897	83,983
Investment income	(151)	-
Amortisation and impairment of intangible assets	53,486	54,163
Depreciation and impairment of tangible fixed assets	127,632	157,339
Movements in working capital:		
(Increase) in debtors	(58,419)	(3,034,962)
(Decrease)/increase in creditors	(277,164)	2,024,151
Cash generated from operations	1,864,809	839,336

28 Analysis of changes in net debt

	1 August 2022 £	Cash flows £	31 July 2023 £
Cash at bank and in hand	17,497	158,004	175,501
Borrowings excluding overdrafts	(3,796,417)	956,916	(2,839,501)
Obligations under finance leases	(99,592)	78,258	(21,334)
	(3,878,512)	1,193,178	(2,685,334)

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