Parent for:
S311146

Delivery I Limited

Company Number: 11875195

Annual report and consolidated financial statement for the year ended 31 March 2020

Strategic Report 2020

Business model and strategy

The Company was incorporated on 11 March 2019. Delivery I Limited is the parent of a group of subsidiaries which operate as fertility clinics in the UK, Germany, Austria, Netherlands, Denmark and Poland providing services to both the National Health Service, other public health insurance schemes in the different countries, and private patients. As trading was immaterial in the period to 31 March 2019, no consolidated accounts were prepared for that period. This is the first set of consolidated accounts prepared by the Company and includes all transactions between incorporation and 31 March 2019 as though they took place on 1 April 2019.

- The Company and its U.K. subsidiaries adhere to the Human Fertilisation and Embryology (HFEA) Act 2008. The HFEA acts as licensing authority to all centres and inspects them annually.
- The German, Dutch, Austrian, Danish and Polish clinics adhere to the local government regulations and fertility association practices, as well as the standards set by the Group in line with UK regulations and best practice.
- The Company and its subsidiaries employ the Full Time Equivalent of 810 employees in 19 Fertility Clinics and various satellite clinics and offices in the above European countries.

The Company is managed by the directors, with subsidiaries submitting information on a regular basis. The Company has an Advisory Board that provides periodic advice concerning the Company, its subsidiaries and investments. All subsidiaries and investments have local management and directors with appropriate internal controls in place.

Business activity

On 22 March 2019 the Group acquired Repin BV and its subsidiaries for total consideration of £106 million. The business operates eight fertility clinics in the UK, under the common branding of The Fertility Partnership, and two in Poland. There are a further nineteen satellite clinics in the UK enabling patients to have part of their treatment nearer their homes.

On 31 July 2019 the Group acquired VivaNeo Deutschland GmbH and its subsidiaries for total consideration of £51 million. There are nine fertility clinics and five satellites operating under the VivaNeo brand in Germany, the Netherlands, Austria and Denmark.

Review of business

The Group considers the KPIs and financial measures of revenue, operating profit, and EBITDA to be key for the business.

	2020	2019
	£m	£m
Revenue	**76**	-
Operating loss	**(48)**	-
Operating EBITDA	**9**	-

With revenues of £76 million across 6 countries and despite the onset of Covid-19 lockdown in Quarter 4 the newly created Delivery I Group (trading as TFP) looks optimistically toward 2021 and beyond.

During its first year The Group achieved revenues of £76 million with ex. Viva Neo clinics only included since their acquisition in July 2019. During 2020 approximately 85% of revenue has been derived from the core IVF business with the remainder comprising adjacencies such as blood laboratory, cryo-storage, kidney clinic and scanning services. The Group serves both the private and publicly funded health sectors.

Strategic Report 2020 (*continued*)

The Group measures the financial performance of its management on the delivery of Operating EBITDA. This is defined as operating loss before depreciation of owned assets (note 10), amortisation of intangible assets (note 11) and other expenses as shown in note 5. This measure excludes charges that arise from the Group's overall strategy and decisions about capital investment, to focus on the revenue and expenses that can be directly controlled by the management teams of the clinics. Despite making a Group operating loss for the year the Board is satisfied with the progress made across clinics at Operating EBITDA level.

At the end of its first year, Delivery I Limited is considered as one of the largest IVF clinic groups in Europe. From this strong position the Group is well prepared to share local best practice and experience to drive patient experience and commercial value across its portfolio of IVF clinics. In future years the Group intends to take a leading role in consolidating the fragmented European IVF industry by continuing to expand through organic growth and new greenfield sites as well as through other external measures including partnerships and acquisitions.

Impact of Covid-19 since Year End 31 March 2020

In the period between the year end on 31 March 2020 and the date of signing this report , Europe and therefore the TFP Group continued to deal with the impact of the global Covid-19 pandemic. The group was effectively closed for one month during Quarter 1 FY 2021 and in subsequent months volumes have returned towards levels seen in previous years. The group is encouraged by the news of vaccine development and the decisive efforts of the various national governments across Europe to contain and further control the impact of Covid-19. Inside our clinics, our strict Covid-19 operating procedures limit the risk to our patients and staff members creating an as safe as possible environment. Most non-patient facing and administrative staff continue to work from home. These measures have been taken to mitigate the risk of infections and the threat to our business of Covid-19. Recent decisions by several governments including the UK and Germany to put further "lock down restrictions" in place do not immediately impact our clinics as we are not required to shut down and can continue to support patients.

Going concern basis

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

Management have prepared cash flow forecasts out to the end of 31 March 2022, which demonstrate that, taking account of plausible downside scenarios, the Company will have sufficient funds through a combination of cash generated from trading, banking facilities and funding from its ultimate parent company, Impilo AB, to meet its liabilities as they fall due throughout that period. Our plausible downside scenario models a pan-European lockdown, on the scale and for the duration of, the Spring 2020 lockdown taking place at any point between now and December 2021.

The Group has prepared its "base case" monthly cashflow forecast at clinic level to 31 December 2021. Underpinning the cashflows are detailed clinic level profit and loss accounts as well as workings for loans and working capital. Prudent assumptions have been taken to transform accrual accounting into cash accounting. The forecast P&L is based upon the historic seasonal profile of the business and growth assumptions have been taken from the latest TFP Group planning exercise (October 2020). Funding levels will be maintained at present levels and are considered sufficient to meet future covenant levels throughout the base case cashflow planning period. Lenders confirm that the loans are not due to be repaid in the period to 31 March 2022, which at 15 December 2020 amounted to £103 million.

In our plausible downside scenarios a rise in Covid-19 infection rates leads to a second lockdown across Europe that requires our clinics to shut down operations. It is important to notice, that the lock downs across several countries in November and December 2020 do not apply to our clinics which continue to serve our patients and we do not foresee any requirements to shut down operations at this point in time.

Strategic Report 2020 (*continued*)

The group has reviewed the financial impact of the previous lockdown applying the actual impact and a learning effect to create what we have called the "Covid Impact Curve" to overlay our base case forecast and create various scenarios with lockdowns beginning in a range of months.

Management consider this to be a conservative assumption given that the Spring 2020 lockdown was novel and a considerable degree of adaptation (for all stakeholders) was required. In the event of a future lockdown the business (and stakeholders) will all benefit from the experience gained in the original lockdown. Reviewing the modelled downside scenarios the covenants are not breached at any time in the coming 15 month period.

Covenant headroom is tightest in the months of June 2021 and September 2021 but only if lockdowns (i.e. requirement to shut down clinics) takes place in the months of February or March 2021 respectively. There is therefore limited ability to absorb further shocks e.g. a slower than anticipated recovery from lockdown or a more general downturn in performance arising from a potential economic downturn. In such circumstances – which go beyond our plausible downside scenario – then additional support would be required.

Impilo AB will continue to support the Company, including not seeking repayment of the shareholder loan facility of £2.8 million until at least April 2027 to enable it to meet its financial liabilities as they fall due and continue to trade.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, the Directors have no reason to believe that it will not do so for the foreseeable future.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 15 months from the date of approval of the financial statements, and for the foreseeable future, and therefore have prepared the financial statements on a going concern basis.

Board of Director activities during 2020

During 2020 the Board of Directors ('The Board') made a number of key strategic decisions to drive the Group forward. The following were the key areas considered and decided upon by the Board during 2020:

- To invest in leadership including the appointment of a new CEO, (interim) CFO, and EVP for Central Europe, a Chief HR Officer as well as functional leadership with responsibility across the group
- To secure additional funding to continue the acquisition strategy of the Group and ensure business continuity during the Covid-19 pandemic
- To acquire additional clinics and businesses and drive expansion with 2 new greenfield sites in Central Europe
- To progress the Group's IT solutions including roll-out of a Patient Information System across all clinics and the launch of a digital initiative in marketing and to support the customer journey
- To approve budget and key initiatives for FY21

In compliance with section 172 of the Companies Act, the background to the above decisions taken by the Board is set out below.

Section 172 statement

During the year, the directors have had regard to the matters set out in S172 (1) (a) to (f) of the Companies Act 2006 whilst performing their duties. Whilst making decisions the directors ensure that they have acted in good faith, in a way they believe would promote the success of the Group for the benefit of its stakeholders. The directors consider the interests of

- patients, who are the direct source of revenue;

Strategic Report 2020 (*continued*)

- employees and subcontractors, who not only enable the Group to provide its customers with treatment but also are able to develop their own expertise and enhance the Group's reputation within the medical profession, and for whose services there is often a competitive market;
- the shareholders in the group, which include senior management, who seek a level of return on their investment appropriate to its risk;
- the financial institutions that lend to it, and also seek an appropriate level of return on their funding; and suppliers, who provide credit as well as goods and services.

Specifically, the directors have considered the following:

a. The likely consequences of any decision in the long term;
b. The interests of the Group's employees;
c. The need to foster the Group's business relationships with patients, suppliers and others;
d. The impact of the Group's operations on the community and the environment;
e. The desirability of the Group maintaining a reputation for high clinical standards, and standards of business conduct; and
f. The need to act fairly between members of the company.

S172 (1) (a) The likely consequences of any decision in the long term
The directors understand the business and the environment in which it operates. This is key to understanding the likely consequences of any long-term decisions. There is a clear plan for growth which ensures that the Group continues to provide a high-quality clinical service, satisfying patient and shareholder needs, amongst other stakeholders.

Continually improving environmental performance and operating methods are integral and fundamental parts of the business strategy. This strategy is key to ensuring that the Group delivers on its duty of care for the benefit of future generations.

S172 (1) (b) The interests of the Group's employees
The directors recognise that the Group's employees are key to the business and its success. What makes us different is our approach to relationships, which extends past the expected patient focus. Staff retention is a testament to this and the Group's culture. Employee welfare and wellbeing is of utmost importance and they ensure all employees work in a safe and healthy environment. The directors regularly engage with employees through internal communication methods. When making decisions, the directors consider which course of action best delivers the Group strategy in the long term, taking into consideration all stakeholders of the Group, including the employees.

During the year the Group has invested £0.87 million in the maintenance and refurbishment of its clinics so that the working environment provided to our patients and staff is of a high quality and consistent across the Group.

S172 (1) (c) The need to foster the Group's business relationships with patients, suppliers and others
The directors recognise that building relationships with patients and suppliers is also key to the success of the business. Their objective is to become a key partner, delivering the same quality product each time. This can only be achieved by building relationships with our key suppliers. The directors recognise that working with suppliers and customers is also key to ensuring the impact of our business on the environment is minimised.

S172 (1) (d) The impact of the Group's operations on the community and the environment
The Group recognise the importance of minimising the impact of our operations on the community and environment, which is why it is core to our strategy. The Group wholly supports and where possible exceeds the requirement of current environmental legislation and codes of practice. It is our aim to minimise waste and water usage in buildings, vehicles and processes in order to conserve supplies and minimise our consumption of natural

Strategic Report 2020 (*continued*)

resources, especially where they are non-renewable. We actively promote recycling both internally and amongst employees and suppliers. Environmental policies are reviewed periodically in consultation with staff and suppliers.

S172 (1) (e) The desirability of the Group maintaining a reputation for high standards of business conduct

The Group is committed to improving quality and reducing any environmental impact, as noted above. This ensures that their reputation within the local community is maintained. It is the aim of the Group to achieve sustained profitable growth, by providing high quality clinical services maintaining a high level of patient satisfaction which enhances the Group's reputation with its patients and suppliers.

S172 (1) (f) The need to act fairly between members of the Group

When making decisions, the directors consider which course of action best delivers the Group strategy in the long term, taking into consideration all stakeholders of the Group. Minority shareholders are also directors of the entities in which they hold shares and represent themselves or are represented by other Minority Interest shareholder/directors at board meetings.

Principal risks and uncertainties

The Group is exposed to a number of risks and uncertainties whose outcome could impact on its financial performance, operations, regulatory compliance or corporate reputation. Some of these are generic to any commercial enterprise and others are more specific to the Group. The key risk factors that the Directors consider potentially material in nature are set out below, together with information about the mitigating actions in place.

Risk management process

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Acquisitions and integration

Description	Mitigation	Risk monitoring
The Board intends to continue acquiring businesses. Any acquisition that cannot be successfully integrated or does not provide the incremental economic value expected at the time of acquisition, could have a negative effect on the Group's performance. As the Group expands there is a risk that its infrastructure may not be sufficiently robust to ensure that operational efficiency is maximised and economies of scale are realised.	Board approval is required prior to any significant transaction and appropriate financial, legal, technical and other due diligence reviews are carried out. The Group has taken steps to strengthen its post-acquisition integration planning. Budgets are set for all newly acquired businesses and potential synergies are identified and tracked.	The performance of acquired businesses against defined budgets is closely monitored. Post-acquisition reviews are carried out to assess the extent to which expectations set out in the original Board proposals have been realised.

Strategic Report 2020 (*continued*)

Description	Mitigation	Risk monitoring
Technology, innovation and intellectual property Researching and developing new clinical procedures is complex, costly and time-consuming. There is a risk that competitors may develop new technologies, or innovative applications of existing technologies, that undermine the Group's competitive advantage. The Group could fail to recognise intellectual property, fail to seek appropriate security over rights to intellectual property, or fail to obtain security for reasons outside the Group's control. The Group could breach other parties' intellectual property rights.	The Group continues to invest in research and development of new technologies. The Group relies on a combination of patents, copyright, trademarks, design registrations, trade secrecy laws, confidentiality procedures and contractual provisions to protect its intellectual property rights. Comprehensive searches are carried out before any application to register a patent or trademark is lodged and competitors' new product launches, trademarks and domain names are monitored to identify potential conflicts between the Group's and other parties' rights.	The development of new products and technologies is closely monitored. Development initiatives are driven from clinical research teams, and are peer reviewed in line with regulatory requirements.
Service reputation and clinical error liability Any factor or event that adversely affects patients' perception of the quality and reliability of the Group's services could affect its ability to maintain or increase revenue.	The Group's services incorporate a number of in-built clinical controls which help to reduce substantially the risk of clinical error. The Group operates rigorous quality assurance and control procedures both during and prior to delivery of its services. The Group also maintains professional indemnity and public liability insurance against liabilities to third parties.	Service quality is constantly monitored through the Group's review of clinical procedures.

Strategic Report 2020 (*continued*)

Funding and liquidity

Description	**Mitigation**	**Risk monitoring**
At 31 March 2020 the Group had £103 million of committed facilities which were fully drawn. There is a risk that the Group could fail to fulfil its obligations as they fall due. The Group is also exposed to interest rate risk.	Additional facilities of £20 million were acquired in April 2020, of which £8.9 million had been drawn by the date of this report. Robust cash forecasting and centralised cash management procedures are in place. Interest rate swaps are used to mitigate the Group's exposure to variable interest rates.	Cash flow forecasts are monitored weekly against actual performance.

Brexit

Management does not currently consider that the ending of the transition period on 31 December 2020 will have a significant impact on the Group's UK operations. The revenue base and principal supply sources, both for materiel and expertise, are predominantly locally based in UK and continental Europe. There are no indications so far that foreign patients will face additional difficulties to gain access to treatment. Even if there is risk for some materiel supply delivery in the short term, no substantial risk is expected for mid- or long-term. As a further specific measure General Managers of all UK clinics have been instructed to increase their reserves of clinical supplies to cover a potential 8 week disruption to their supply chain. Management is still mindful that there may be unforeseen consequences of the changes in the UK's legal and regulatory framework from 1 January 2021, and will monitor and address these as they arise.

Research and development information

Several clinics within the Group have a long track record of research leadership and clinical innovations in close association with Imperial College, London and Oxford University as being a key element of its current and future success. Research and Development costs are funded by grants received by local partners and clinicians, rather than by the Group.

Information on male/female partitioning of board members

At the date of this report, the Company has seven directors, of whom six are male. This reflects the history of the Group's development to date, but the Company remains fully supportive of the principal of gender equality and continues to seek opportunities to recruit appropriately qualified female Directors.

Events since balance sheet date

On 24 April 2020 the Group entered into a revised facility agreement, providing an additional headroom of £20 million of funding committed until October 2020. Only £8.9m of this was drawn down and is available for a term of 7 years.

On 25 August 2020, the Group acquired a 60% shareholding in Sonoview Limited, a company registered in the UK and previously a franchisee of Ultrasound Direct limited.

Strategic Report 2020 (*continued*)

Future prospects

The Group will manage the business conservatively through the Covid-19 pandemic, and subsequent periods, and they will pursue the strategies of growing the recurring base and achieving growth both organically and through strategic acquisitions.

Approval

This report was approved by the Board of Directors on 13th January 2021 and signed on its behalf by:

Johannes Roehren
Director

Geoffrey Trew
Director

Directors' Report

The Directors present their annual report and the financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2020.

Future developments and going concern

An indication of likely future developments in the business of the Group and an explanation of the going concern assertion are included in the Strategic Report.

Dividends

The Board does not propose a dividend for the year (2019: £nil). The dividend policy continues to be reviewed periodically by the Board.

Capital structure

Details of the issued share capital of the Company are shown in note 15, the Group's capital management in note 16 and its borrowings, including cross-guarantees between the Company and its subsidiaries, in note 18.

Issued share capital amounted to £84 million at 31 March 2020. The Company has three classes of Ordinary Shares and one class of Preference Shares. There is no limit on the number of shares that the Company can issue. No person has any special rights of control over the Company's share capital and all issued shares have been fully paid.

The Group's borrowings of £103 million at 31 March 2020 were drawn against facilities which are committed for at least five years from the balance sheet date.

Research and development

An indication of the Company's research and development activities is set out in the Strategic Report.

Directors

The Directors who held office during the year and until the date of this report were as follows:

J F Stromholm

H C Bodker Jensen (resigned 24 October 2019)

A Came (resigned 6 January 2020)

S Mellstig (appointed 24 October 2019, resigned 7 December 2020)

H Thorning-Schmidt (appointed 24 October 2019)

N P M Watkins (appointed 24 October 2019)

M Worning (appointed 24 October 2019)

J Roehren (appointed 29 September 2020)

G H Trew (appointed 29 September 2020)

Directors' indemnities

The Company has in place third party indemnity insurance for the benefit of the officers and Directors of the Company and its subsidiaries. This insurance policy remains in force at the date of this report.

Acquisition of the Company's own shares

The Company did not purchase any of its own shares during the year and nor has it done so up to the date of this report.

Directors' Report (*continued*)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation and engagement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, periodic e-mails and quarterly employee newsletters. During 2020 the UK businesses had training on supporting Mental Health in the work place and also received training on becoming Mental Health First Aiders. The Company has also focused on raising awareness and support of mental health issues as they can impact on employees at key points in their lives.

The interests of employees are taken into account by the Board, as set out in the Section 172 statement in the Strategic Report.

Political contributions

The Company did not make any contributions to political or charitable organisations in the year (2019 and 2020: £nil).

Financial risk management objectives

Details of financial risk management objectives are set out in note 22.

Supplier Payment Policy

The group's standard payment terms range from 7 up to 30 days and have not changed during the reporting period. Any disputes with suppliers are resolved after communication between parties to identify the matters in contention. The average number of days taken to make payments in the reporting period has ranged from 7 to 40 days, depending on payment terms. 48.00% of payments were not made within the agreed payment period. 69.00% of payments were made within 30 days, 23.00% between 31 and 60 days, and the remainder after 60 days. Details of the guarantees provided by the Group to the subsidiaries are disclosed in the Note 24.

Diversity

The Board recognises the value of diversity both in its own membership and within the Company's wider employee base. Whilst the Board believes that the market sectors in which the Company operates are such that gender diversity in Board membership would not, of itself, bring specific benefits or insights, as a matter of policy the Board believes that the search for new Board candidates should be conducted, and, when required, appointments made, on merit, against objective criteria and with due regard for the benefits that diversity, including gender diversity, could provide. Clinics have in place appropriate policies in relation to equal opportunities in the workplace. Appointments, rewards and advancement in the Company's wider employee base are also based on merit. As a matter of principle, the Board does not accept discrimination against, or in favour of, any individual or group of individuals. Diversity, as with other management policies, is under regular review.

Post balance sheet events

On 24 April 2020 the Group entered into a revised facility agreement, providing an additional headroom of £20 million of funding committed until October 2020. Only £8.9m of this was drawn down and is available for a term of 7 years.

On 25 August 2020, the Group acquired a 60.00% shareholding in Sonoview Limited, a company registered in the UK and previously a franchisee of Ultrasound Direct limited.

Directors' Report (*continued*)

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the Board

Johannes Roehren
Director

Geoffrey Trew
Director

13th January 2021

Institute Of Reproductive Sciences
Alec Issigonis Way, Oxford Business Park North, Oxford, OX4 2HW

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the UK (IFRSs as adopted by the UK) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the UK;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Delivery I Limited

Opinion

We have audited the financial statements of Delivery I Limited ("the company") for the year ended 31 March 2020 which comprise the Consolidated statement of profit and loss and comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated statement of cash flows for the year and related notes, including the accounting policies in notes 2 and 3.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the UK (IFRSs as adopted by the UK);
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*]; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Independent auditor's report to the members of Delivery I Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 14, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Delivery I Limited (continued)

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.

R Fitzpatrick

Robert Fitzpatrick (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place
33 Forbury Road
READING
RG1 3AD
United Kingdom

15 January 2021

Consolidated statement of profit and loss for the year ended 31 March 2020

	Note	Year ended 31 March 2020 £000	Year ended 31 March 2020 £000	Period ended 31 March 2019 £000	Period ended 31 March 2019 £000
Continuing operations					
Revenue from contracts with customers	4	**75,945**		-	
Cost of sales	5	**(33,321)**		-	
Gross profit			**42,624**		-
Other income		**483**		-	
Administrative expenses	5	**(50,484)**		-	
Other expenses	5	**(40,894)**		-	
			(90,895)		-
Operating loss			**(48,271)**		-
Finance income		**171**		-	
Finance costs	8	**(9,419)**		-	
Net finance costs			**(9,248)**		-
Loss before tax			**(57,519)**		-
Income tax credit	9		7,692		-
Loss for the period after tax			**(49,827)**		-
Of which attributable to non-controlling interest	17		**404**		-
Of which attributable to Delivery I Limited shareholders			**(50,231)**		-

The notes on pages 24 to 69 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 March 2020

	Year ended 31 March 2020 £000	Period ended 31 March 2019 £000
Loss after tax	**(49,827)**	-
Items that will be reclassified to profit or loss, net of tax		
Adjustment item from currency translation on consolidation	(884)	-
Of which:		
Attributable to non-controlling interest	*(2)*	-
Attributable to Delivery I Limited shareholders	*(882)*	-
Other comprehensive loss, net of tax	(884)	-
Total comprehensive income, net of tax	(50,711)	-
Total comprehensive income attributable to:		
Equity holders of the parent	(51,113)	-
Non-controlling interests	402	-

Consolidated statement of financial position as at 31 March 2020

Assets	Note	31 March 2020 £000	31 March 2019 £000
Assets			
Property, plant and equipment	*10*	**33,231**	-
Intangible assets and goodwill	*11*	**130,486**	-
Financial assets		**100**	-
Deferred tax asset	*9*	**1,590**	-
Non-current assets		**165,407**	-
Inventories	*12*	**2,166**	-
Trade and other receivables	*13*	**10,873**	-
Prepaid income tax		**981**	-
Cash and cash equivalents	*14*	**8,830**	-
Current assets		**22,850**	-
Total assets		**188,257**	-

The accompanying notes on pages 24 to 69 form an integral part of the financial statements. The financial statements were approved by the board of directors and authorised for issues on 13 January 2021 and are signed on its behalf by:

Johannes Roehren
Director

Geoffrey Trew
Director

Company Registration No. 11875195

Consolidated statement of financial position as at 31 March 2020 (continued)

Equity and liabilities	Note	**31 March 2020 £000**	**31 March 2019 £000**
Equity			
Share capital and share premium account	15	**84,468**	-
Translation reserve		**(882)**	-
Retained earnings		**(50,231)**	
Non-controlling interests	17	**1,234**	-
Total equity		**34,589**	-
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	18	**102,913**	-
Other payables	19	**261**	-
Lease liabilities	23	**15,712**	-
Deferred tax liabilities	9	**8,166**	-
Total non-current liabilities		**127,052**	-
Current liabilities			
Interest bearing loans and borrowings	18	**104**	-
Trade and other payables	19	**15,998**	-
Other financial liabilities	18	**322**	-
Lease liabilities	23	**4,388**	-
Contract liabilities	20	**4,469**	-
Current income tax liabilities		**296**	-
Provisions	21	**1,039**	-
Total current liabilities		**26,616**	-
Total liabilities		**153,668**	-
Total equity and liabilities		**188,257**	-

The accompanying notes on pages 24 to 69 form an integral part of the financial statements. The financial statements were approved by *the board of directors and authorised for issues on 13 January 2021 and are signed on its behalf by:*

Johannes Roehren
Director

Geoffrey Trew
Director

Company Registration No. 11875195

Consolidated statement of changes in equity for the year ended 31 March 2020

	Note	Share capital and share premium £000	Translation reserve £000	Retained earnings £000	Attributable to parent equity holders £000	Non-controlling interest £000	Total equity £000
Date of incorporation		-	-	-	-	-	-
Capital contribution		84,468	-	-	84,468	-	84,468
Arising on acquisitions		-	-	-	-	1,064	1,064
Exchange movements		-	(882)	-	(882)	(2)	(884)
Loss for the period		-	-	(50,231)	(50,231)	404	(49,827)
Dividend paid	17	-	-	-	-	(232)	(232)
Balance as at 31 March 2020		**84,468**	**(882)**	**(50,231)**	**33,355**	**1,234**	**34,589**

Consolidated statement of cash flows for the year ended 31 March 2020

	Note	31 March 2020 £000	31 March 2019 £000
Cash flows from operating activities			
Operating loss		(48,271)	-
Depreciation	10	6,981	-
Amortisation	11	3,015	-
Impairment	5	32,157	-
Other non-cash items		(154)	-
Change in:		(6,272)	-
Inventories		154	-
Trade and other receivables		728	-
Provisions		703	-
Trade and other payables		(4,724)	-
Cash generated from operating activities		(9,411)	-
Interest paid		(5,733)	-
Tax paid		(2,179)	-
Net cash from operating activities		(17,323)	-
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		(143,839)	-
Acquisition of property, plant and equipment		(2,005)	-
Acquisition of other intangible assets		(140)	-
Net cash used in investing activities		(145,984)	-
Cash flows from financing activities			
Proceeds from new borrowings	18	100,331	-
Repayment of lease liabilities	18	(2,996)	-
Repayment of instalment purchase liabilities	18	(319)	-
Repayment of loans	18	(189)	-
Issue of shares		75,568	-
Dividends paid to non-controlling interests		(232)	-
Net inflows from financing activities		172,163	-
Net increase in cash and cash equivalents		8,856	-
Cash and cash equivalents at start of period		-	-
Exchange rate movements		(26)	-
Cash and cash equivalents at end of period	14	8,830	-

The notes on pages 24 to 69 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 March 2020

1 Reporting entity

Delivery I Limited (the 'Company') is a company domiciled in the United Kingdom. The Company's registered office is Institute of Reproductive Sciences, Alec Issigonis Way, Oxford Business Park North, Oxford OX4 2HW. The consolidated financial statements of the Company as at and for the year ended 31 March 2020 comprise the Company, its subsidiaries and associates (together referred to as the 'Group' and individually as 'Group entities'). The Group is primarily involved in the operation of fertility clinics in the UK, Poland, Germany, the Netherlands, Austria and Denmark.

Delivery I Limited is the group's ultimate parent undertaking.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRSs').

The consolidated financial statements were authorised for issue by the Board of Directors on the 11th January 2021.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except that derivative financial instruments are measured at fair value. These are the first set of consolidated accounts prepared by Delivery I Limited. The Company was incorporated on 11 March 2019, and on 22 March 2019 acquired Repin BV and its subsidiaries. Trading between 22 March and 31 March 2019 was not significant, and so management have not prepared consolidated accounts for the initial period from incorporation to 31 March 2019. The Company has prepared its consolidated financial statements for the year ended 31 March 2020 on the basis that all transactions from incorporation to 31 March 2019 occurred on 1 April 2019.

(c) Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

Management have prepared cash flow forecasts to the end of 31 March 2022 which demonstrate that, taking account of plausible downside scenarios, the Company will have sufficient funds through a combination of cash generated from trading, banking facilities and funding from its ultimate parent company, Impilo AB, to meet its liabilities as they fall due throughout that period. The plausible downside scenario models a pan-European lockdown, on the scale and for the duration of the Spring 2020 lockdown, taking place at any point between now and December 2021.

The Group has prepared its "base case" monthly cashflow forecast at clinic level to 31 December 2021. Underpinning the cashflows are detailed clinic level profit and loss accounts as well as workings for loans and working capital. Prudent assumptions have been taken to transform accrual accounting into cash accounting. The forecast income statement is based upon the historic seasonal profile of the business and growth assumptions have been taken from the latest TFP Group planning exercise (October 2020). Funding levels will be maintained at present levels and are considered sufficient to meet future covenant levels throughout the base case cashflow planning period. Lenders confirm that the loans are not due to be repaid in the period to 31 March 2022, which at 15 December 2020 amounted to £108 million.

In our plausible downside scenarios a rise in Covid-19 infection rates leads to a second lockdown across Europe. The group has reviewed the financial impact of the previous lockdown applying the actual impact and a learning effect to create what we have called the "Covid Impact Curve" to overlay our base case forecast and create various scenarios with lockdowns beginning in a range of months. Management consider this to be a conservative assumption given that the Spring 2020 lockdown was novel and a considerable degree of adaptation (for all stakeholders) was required. In the event of a future lockdown the business (and stakeholders) will all benefit from the experience gained in the original lockdown. Reviewing the modelled downside scenarios the covenants are not breached at any time in the coming 15 month period. Covenant headroom is tightest in the months of June 2021 and September 2021 but only if lockdowns takes place in the months of February or March 2021 respectively. In June and September 2021 there is therefore limited ability to absorb further shocks e.g. a slower than anticipated recovery from lockdown or a more general downturn in performance arising from a potential economic downturn. In such circumstances – which go beyond our plausible downside scenario – then additional support would be required.

Impilo AB will continue to support the Company, including not seeking repayment of the shareholder loan facility of £2.8 million until at least April 2027 to enable it to meet its financial liabilities as they fall due and continue to trade. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, the Directors have no reason to believe that it will not do so for the foreseeable future.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and for the foreseeable future, and therefore have prepared the financial statements on a going concern basis.

(d) Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling ('GBP'), which is also the Group's functional currency. All financial information presented in GBP has been rounded to the nearest thousand except when otherwise indicated.

(e) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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

- Revenue recognition:

  In making its judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15. Management is satisfied that the significant risks and rewards of ownership are transferred and that the recognition of revenue upon egg collection is appropriate.

- Initial recognition and valuation of intangible assets acquired in a business combination:

  For the initial measurement of identified intangible assets acquired in a business combination, valuation methodologies based on discounted cash flow (DCF) models were used, as there is a lack of comparable market data because of the nature of the assets. The key assumptions used to determine the fair value of the acquired intangible assets are provided in note 25.

- Impairment of goodwill and other intangible assets:

  Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash-generating unit and determine a suitable discount rate in order to calculate present value. Further details are given in note 11. Significant judgement was applied in determining the cash generating units to which goodwill was allocated. A change in the assumptions and estimates related to the future cash flows expected to arise from the cash-generating unit would have a significant risk of resulting in a material adjustment in the period ending 31 March 2020.

Key assumptions underlying recoverable amounts relate to the market price that would be realised in a current share transaction.

- Valuation of Lease Liabilities and right of use assets:

  For the initial measurement of the lease liabilities and the related right of use assets, valuation methodologies based on discounted cash flow (DCF) models were used. The key assumptions used, including the incremental borrowing rate and the determination of the lease term, are explained in note 3 (k) "Leases".

(f) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When the Group identifies the need for a fair valuation to be performed, it will appoint an independent third party expert to perform the fair valuation assessment. Management will then review and critically assess the assumptions and basis of the valuation to ensure that they are satisfied with the appropriateness of the methodology used. Where possible, observable information is utilised, but where unobservable information is used, management will ensure that they are satisfied the information is accurate.

Significant valuation issues are reported to the CFO, the CEO and the Board of Directors.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Significant accounting policies

The Group has consistently applied the following accounting policies in the period presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see (a)(iii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see (j)(iv)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The Group measures the change in non-controlling interest in an equity transaction as a proportionate share of its existing carrying amount.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

IFRS 15 Revenue from Contracts with Customers has been adopted and applied. The core principle is that a vendor should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the vendor expects to be entitled in exchange for those goods or services. Revenue will now be recognised by a vendor when or as control over the goods or services is transferred to the customer.

The application of the core principle in IFRS 15 is carried out in five steps:

The first step is to identify the contract(s) with the customer. Whatever the form, a contract creates enforceable rights and obligations between a vendor and its customer.

After identifying the contract(s) with the customer, a vendor identifies the 'performance obligations'. A performance obligation is a promise by the vendor to transfer goods or services to a customer. Each performance obligation is 'distinct', being either a good or service from which the customer can benefit on its own (or in combination with other readily available goods and services); two or more distinct goods and services (such as the supply of construction material and labour) are combined if, in reality, they represent one overall obligation.

In the third and fourth steps, a vendor determines the transaction price of the entire contract and then allocates the transaction price among the different performance obligations that have been identified.

In the fifth step, a vendor assesses when it satisfies each performance obligation (which may be at a point in time, or over time) and recognises revenue. The principle is based around the point at which the customer obtains control of the good or service.

(i) Diagnostics and fertility treatments

The Group generates income from fees receivable from the operation of its healthcare centres. The Group generates income from Diagnostics (cycle monitoring, immunology, sperm analysis, pre-implantation genetic diagnosis, chromosomal abnormalities screening, hormone treatment and ultrasound scanning services), treatments (insemination, in vitro fertilisation, sperm donation) and storage contracts.

Revenues are recognised in the period in which services are provided. These revenues are stated net of value-added taxation and other sales taxes, rebates and discounts. The Group's business is characterised by medical services provided to clients and the patient typically receives the treatment by the Group and simultaneously consumes the benefits of the service provided. Therefore, IFRS 15.35(a) is applicable and the Group recognises corresponding revenues over time.

(ii) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items in a foreign currency that are measured based on historical cost are not translated.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into GBP at exchange rates at the reporting date. The income and expenses of foreign operations are translated into GBP at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(e) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the local tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if:

- the entity has a legally enforceable right to set of current tax assets and liabilities and
- the deferred tax liabilities and assets relate to income taxes levied by the same tax authority on either
    - the same taxable entity or
    - different taxable entities, but these entities intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously for each future period in which these differences reverse

(f) Inventories

Clinical supplies are valued with purchase cost using the weighted average method.
Work in progress is valued with cost of direct labour and a proportion of manufacturing overheads.
Inventories are valued at the lower of cost and net realisable value. Net realisable value is the selling price less estimated costs of completion and the estimated costs necessary to make the sale.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment are as follows:

- Leasehold property: Lower of 10 years or length of lease.
- Medical equipment: 4-5 years.
- Fixtures and fittings: 4-5 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Intangible assets and goodwill

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the 'acquisition date'). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the income statement as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from synergies arising from the combination. Cash generating units to which goodwill has been attributed under IFRS 3 'Business Combinations' are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in determining profit or loss on disposal.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have varying useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

The directors have assessed the expected useful life of each class of intangible asset based on their expectation of that asset's useful life in the context of the business.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(i) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives are as follows:

- Brand names and trademarks: 10 to 15 years.
- Referral relationships 8 years.
- Licences: 3 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Financial instruments

(i) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(ii) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(iii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or

loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments
Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(iv) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 120 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(k) Leases

The Group mainly leases buildings, office and technical equipment and vehicles. Rental contracts are typically made for fixed periods, but may have extension options or have an indefinite lease term.

At the commencement date of a lease, the Group recognises a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The Group recognises interest expense on the lease liability and depreciation expense on the right-of-use asset. The right-of-use assets are presented in the balance sheet under property plant and equipment.

Contracts may contain both lease and non-lease components. In case of vehicles the Group elected not to separate lease and non-lease components and instead to account for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options including cancellable indefinite lease term contracts are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. For the calculation of costs of debt, the Group derived the yield curves using the peer group rating (BB). These market derived yield curves were used for extrapolation of the specific yields of the existing senior term loan for a maturity of 7 years.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Short-term leases are leases with a lease term of 12 months or less. The Group recognises for all short-term leases a right-of-use asset.

The exemption to recognise payments, which are associated with leases of low-value assets, on a straight-line basis as an expense in profit or loss, is applied by the Group on a lease-by-lease basis.

Assets that qualify for low-value items include but are not limited to the following assets:

- Office equipment;
- Notebooks and tablets;
- Copiers, fax machines; and
- Coffee machines and water dispensers

Extension and termination options are included in leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

4 Revenue

The Group's revenue arises in Austria, Denmark, Germany, the Netherlands, the United Kingdom and Poland and is derived from its main business activity, IVF treatment, ultrasound scanning services and a pre-implantation genetics testing laboratory.

	Year ended 31 March 2020
Revenue derived from operations in:	**£000**
UK	41,668
Germany	12,691
Austria	6,516
Denmark	5,463
The Netherlands	4,690
Poland	4,917
	75,945

No single customer is material to the Group's trading.

5 Expenses by nature

	Note	Year ended 31 March 2020 £000
Employee benefit expenses	7	14,123
Drugs and laboratory consumables		7,410
Depreciation and amortisation	10,11	5,225
Medical and surgery expenses		4,447
HFEA licence		542
Leasing		83
Other		1,491
Total cost of sales		**33,321**
Employee benefit expenses	7	23,476
Non-recurring project expenses		6,145
Public relations, marketing and consultancy		3,133
Communications and IT		2,573
Depreciation and amortisation	10,11	4,771
Maintenance and utilities		1,510
Legal and accounting costs		1,309
Travel costs		1,046
Insurance		402
Leasing		192
Other		5,927
Total selling, general and administrative expenses		**50,484**
Total cost of sales and administrative expenses		**83,805**

	Note	Year ended 31 March 2020 £000
Impairment of goodwill	11	7,249
Impairment of intangible asset	11	23,239
Impairment of tangible assets	10	1,669
		32,157
Other non-recurring project expenses		8,737
Total other expenses		**40,894**

Amounts included in other non-recurring project expenses mainly relate to legal, professional and consulting fees. The impairment of intangible assets relates to the impairment of the Viva Neo brand following the decision to discontinue its use. As a result of the annual impairment test, impairment charges have been recorded against goodwill allocated to certain CGUs whose future trading is now forecast to be below expectations at the time of acquisition, and against the carrying amount of properties in Germany and Netherlands, as well as TFP Brand.

6 Auditors' remuneration

	Year ended 31 March 2020 £000
Audit of these financial statements	513
Audit of financial statements of subsidiaries of the company	60
	573

7 Employee benefit expenses

		Year ended 31 March 2020 £000
Wages and salaries		32,262
Social security contributions		3,551
Contributions to defined contribution plans		1,082
Other personnel expenses		704
		37,599
Presented as cost of sales	5	14,123
Presented as selling, general and administrative expenses	5	23,476
		37,599

Employee numbers

	Year ended 31 March 2020 Number
Medical	135
Nursing	474
Laboratory	145
Administration	286
	1,040

8 Finance costs

	Year ended 31 March 2020 £000
Interest expense on overdrafts and loans	6,938
Interest expense on leasing liabilities	1,148
Other finance costs	312
Foreign exchange losses	438
Change in fair value of derivative financial instrument	322
Other interest	261
Finance costs	9,419

9 Income tax expense

Income tax recognised in profit or loss

	Year ended 31 March 2020 £000
Current tax expense/(credit)	
Current period	440
Adjustment for prior periods	(414)
	26
Deferred tax expense/(credit)	
Origination and reversal of temporary differences	(7,620)
Release of deferred tax on intangible assets	-
Adjustment for prior periods	(84)
Effect of change in tax rates	(14)
	(7,718)
Total tax credit	(7,692)

The applicable Group tax rate is 19% (2019: 19%) of the estimated taxable profit for the period in the income statement for the Group and represents the applicable tax rate in the United Kingdom, where the parent company as well as a significant number of subsidiaries are located. For the group's overseas subsidiaries, tax rates between 19% (Poland and The Netherlands) and 32% (Germany) apply.

The adjustments to prior year current taxes mainly relate to the UK.

Reconciliation of effective tax rate

	Year ended 31 March 2020 £000
Loss before tax from continuing operations	**(57,519)**
Tax using the Company's domestic tax rate	**10,929**
Effect from different tax rates	**5,188**
Impairment of goodwill	**(2,692)**
Tax-exempt income	**35**
Non-deductible expenses	**(3,002)**
Unrecognised deferred tax assets	**(3,507)**
Prior year deferred tax	**84**
Prior year current tax	**414**
Effect of changes in tax rates	**(15)**
Other	**258**
Total tax credit	**7,692**

The non-deductible expenses mainly relate to acquisition costs and to borrowing costs subject to the corporate interest restriction rules in the UK.

The unrecognised deferred taxes mainly relate to tax losses carried forward in Germany which is not expected to generate sufficient future taxable profits for the relief of these amounts in the next five years. The management decided not to recognise those under IAS 12 rules for companies with loss history.

Movement in deferred tax balances

	Net balance at date of incorporation	Recognised in profit or loss	Other	Net balance at 31 March 2020	Deferred tax assets	Deferred tax liabilities
	£000	£000	£000	£000	£000	£000
Goodwill	-	(307)	-	(307)	-	(307)
Intangible assets	-	7,844	(14,446)	(6,602)	-	(6,602)
Tangible assets	-	(57)	(2,003)	(2,060)	470	(2,530)
Short term receivables	-	(39)	42	3	4	(1)
Provisions for pension and similar obligations	-	16	1	17	22	(5)
Other long term provisions	-	100	(15)	85	178	(93)
Other short term provisions	-	(10)	97	87	87	-
Financial liabilities	-	374	956	1,330	1,330	-
Other liabilities	-	(153)	723	570	768	(198)
Tax losses carried forward	-	50	251	301	301	-
Foreign exchange movements	-	(100)	100	-	-	-
Tax assets/(liabilities) before set-off	-	**7,718**	**(14,294)**	**(6,576)**	**3,160**	**(9,736)**
Set-off adjustments					**(1,570)**	**1,570**
Net tax assets/(liability)					**1,590**	**(8,166)**

The Group has unrecognised deferred tax assets amounting to £3,351,000. These relate to unrelieved tax losses carried forward and are unrecognised in view of the uncertainty over the generation of sufficient future taxable profits for the relief of these amounts in the next five years.

Oher movements in deferred tax assets and liabilities result from acquisitions detailed in note 25.

10 Property, plant and equipment

	Owned assets				Right of use assets				
	Freehold land and buildings £000	Machinery & equipment £000	Construction in progress £000	Total £000	Land and buildings £000	Machinery & equipment £,000	Construction in progress £000	Total £000	Total Property, plant and equipment £000
Cost									
Date of incorporation	-	-	-	**-**	-	-	-	**-**	**-**
Additions	103	1,546	591	**2,240**	3,135	142	-	**3,277**	**5,517**
Acquired	8,028	7,624	407	**16,059**	19,679	923	-	**20,602**	**36,661**
Disposals	-	(110)	(52)	**(162)**	-	-	-	-	**(162)**
Reclassification	-	898	(898)	**-**	-	-	-	**-**	**-**
Exchange differences	(53)	(75)	(2)	**(130)**	(66)	(2)	-	**(68)**	**(198)**
As at 31 March 2020	8,078	9,883	46	**18,007**	22,748	1,063	-	**23,811**	**41,818**
Accumulated depreciation									
Date of incorporation	-	-	-	**-**	-	-	-	**-**	**-**
Charge for the year	1,184	2,316	-	**3,500**	3,229	252	-	**3,481**	**6,981**
Impairment	625	1,044	-	**1,669**	-	-	-	**-**	**1,669**
Disposals	-	(71)	-	**(71)**	-	-	-	**-**	**(71)**
Exchange differences	(3)	(5)	-	**(8)**	15	1	-	**16**	**8**
As at 31 March 2020	1,806	3,284	-	**5,090**	3,244	253	-	**3,497**	**8,587**
Carrying amount									
As at 31 March 2020	6,272	6,599	46	**12,917**	19,504	810	-	**20,314**	**33,231**

For the description of the impairment refer to the section about the impairment testing for CGUs in note 11.
Additions to the Repin BV sub-group belong technically in the FY 2019, as the group has been acquired in March 2019.

11 Intangible assets and goodwill

	Goodwill	Other intangibles brand name and trademarks	Licenses	Other	Total
	£000	£000	£000	£000	£000
Cost					
Date of incorporation	-	-	-	-	-
Additions	-	-	73	69	**142**
Arising from acquisitions (note 25)	102,999	60,138	332	1,353	**164,822**
Disposal		-	-	(6)	**(6)**
Exchange differences	(328)	(235)	(27)	(25)	**(615)**
As at 31 March 2020	**102,671**	**59,903**	**378**	**1,391**	**164,343**
Accumulated amortisation					
Date of incorporation	-	-	-	-	-
Charge of the year	-	2,543	140	332	**3,015**
Impairment	7,249	23,239	-	-	**30,488**
Disposal	-	-	-	(5)	**(5)**
Exchange differences	91	268	-		**359**
As at 31 March 2020	**7,340**	**26,050**	**140**	**327**	**33,857**
Carrying amounts as at 31 March 2020	**95,331**	**33,853**	**238**	**1,064**	**130,486**

Additions to goodwill in the year comprise goodwill arising on the acquisition of Repin Group and Viva Neo Group as set out in note 25. The impairment loss is included in other expenses (see note 5).

The brand TFP is capitalized in Other intangibles, brand name and trademarks. The related carrying amount as at 31 March 2020 is £33,853,000 and its remaining useful life is 14 years.

The category Other mainly consists of an identifiable asset related to customer referrals. This asset has a carrying amount of £740,000 as at 31 March 2020. The remaining useful life is seven years.

Impairment testing for cash generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the clinics which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. Generally, each operating clinic is considered to be a cash generating unit, with the exception of some clinics that work together, such that the carrying or recoverable amount of their assets cannot be determined individually.

The value in use was determined by discounting the future cash flows generated from the continuing use of subsidiaries and based on the following key assumptions:

- Cash flows were projected on actual operating results and a five-year business plan. Future cash flows beyond this date were extrapolated using the perpetuity method.
- The following assumptions were made for WACC, risk free rate and terminal growth rate depending on the country:

Country	After-tax WACC %	Pre-tax WACC %	Risk free rate %	Terminal growth rate %
United Kingdom ('UK')	8.75	9.00 – 10.89	1.03	1.5
Poland ('PL')	8.75	10.60 – 10.66	1.03	1.5
Denmark ('DK')	7.76	9.10	0.07	1.5
Netherlands ('NL')	7.68	9.37 – 9.40	0.07	1.5
Germany ('DE')	7.51	9.51 – 10.34	0.07	1.5
Austria ('AT')	7.68	9.46 – 9.59	0.07	1.5

The growth rate of 1.5% used to extrapolate cash flow projections beyond the period covered by the most recent budgets or forecasts reflects the expectations of the long-term average growth rate for the products, industries in European Union and in UK.

Impairment losses pursuant to IAS 36 are recognised where the recoverable amount, i.e. the higher amount from either the continued use or the disposal of the asset in question, has declined below its carrying amount. If necessary, an impairment loss is recognised as a result of this test.

Based on calculations as of 31 March 2020 an impairment loss of £10.7 million has been recognised, of which £3.5 million has been allocated to fixed assets and the TFP brand, and the remaining £7.2 million has been charged against goodwill. In addition, £21.6m relating to the Vivaneo brand was impaired in full on acquisition. The following table shows the carrying and recoverable amount allocated to each of the CGUs as at 31 March 2020:

Country	CGU	Carrying Amount £000	*Of which Goodwill £000*	*TFP Brand* £000	Recoverable Amount £000	Headroom (+) £000	Impairment (-) £000
	IVF Hammersmith	3,709	-	-	2,977	-	(732)
	Oxford & Worcester	20,893	*14,184*	3,700	26,365	5,472	-
UK	GCRM	13,509	*10,474*	2,700	25,244	11,735	-
	Nurture & Burton	12,521	*8,291*	2,200	18,363	5,842	-
	Simply	10,549	*6,448*	1,700	11,154	605	-
	Wessex	10,894	*8,367*	2,200	14,889	3,995	-
	Thames Valley	6,768	*4,238*	1,100	16,404	9,636	-

Country	CGU	Carrying Amount £000	*Of which Goodwill £000*	*TFP Brand* £000	Recoverable Amount £000	Headroom (+) £000	Impairment (-) £000
	Belfast	7,655	*5,891*	1,500	8,919	1,264	-
	Ultrasound	3,628	*1,929*	500	4,863	1,235	-
DK	Stork IVF	2,424	*2,545*	800	8,329	5,905	-
NL	Leiderdorp	11,181	*4,957*	1,600	3,848	-	(7,333)
	FertiDrugs	4	-	-	1,237	1,233	-
	Wiesbaden & Frankfurt	6,825	*4,298*	1,400	14,645	7,820	-
DE	Berlin	3,011	*597*	200	2,134	-	(877)
	Duesseldorf	15,396	*9,481*	3,000	18,032	2,636	-
	VN Sperm Bank	1,243	*887*	300	1,322	79	-
	Wels	11,756	*7,850*	2,500	9,972	-	(1,784)
AT	Klagenfurt	9,005	*6,394*	2,000	10,779	1,774	-
	Vienna	804	*262*	100	5,287	4,483	-
PL	CMM	7,330	*4,405*	1,100	7,679	349	-
	Vitrolive	1,639	*1,176*	300	3,191	1,552	-
Total as at 31. March 2020		160,744	*102,674*	28,900	215,633	65,615	(10,726)

The calculation of value in use for all clinics is most sensitive to changes in the following assumptions:

- Discount rates
- EBITDA-Margin beyond the forecast period

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The required equity capital costs are calculated using the CAPM (Capital Asset Pricing Model) from the return on a quasi-risk-free alternative investment, which is increased by a risk premium (market risk premium and beta factor). Borrowing costs were calculated on the basis of the peer group's financing situations, borrowing terms and conditions. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

EBITDA margin represents a profitability ratio that measures how much in earnings a company is generating before interest, taxes, depreciation, and amortisation, as a percentage of revenue.

The sensitivity of value in use was analysed within +/- 1 % of after-tax WACC and EBITDA-margin in terminal value. Analysis results are presented in following table:

Country	CGU	Change of after-tax WACC	Change of EBITDA margin in TV
	IVF Hammersmith	n/a	n/a
	Oxford & Worcester	> 1 %	< - 1%
	GCRM	> 1 %	< - 1%
	Nurture & Burton	> 1 %	< - 1%
UK	Simply	> 1 %	< - 1%
	Wessex	> 1 %	< - 1%
	Thames Valley	> 1 %	< - 1%
	Belfast	+ 1 %	< - 1%
	Ultrasound	> 1 %	< - 1%
DK	Stork IVF	> 1 %	< - 1%

NL	Leiderdorp	n/a	n/a
	FertiDrug	> 1 %	< - 1%
DE	Wiesbaden & Frankfurt	> 1 %	< - 1%
	Berlin	n/a	n/a
	Duesseldorf	> 1 %	< - 1%
	VN Sperm Bank	+0.5 %	< - 1%
AT	Wels	n/a	n/a
	Klagenfurt	> 1 %	< - 1%
	Vienna	> 1 %	< - 1%
PL	CMM	+ 0.5 %	< - 1%
	Vitrolive	> 1 %	< - 1%

The table shows that changes of after-tax WACC or EBITDA margin in terminal value by more than +/- 1 % for the clinics Oxford & Worcester, GCRM, Nurture & Burton, Simply, Wessex, Thames Valley, Ultrasound, Stork IVF, FertiDrug, Wiesbaden & Frankfurt, Duesseldorf, Klagenfurt, Vienna and Vitrolive will not cause rise to a goodwill impairment loss.

A change of after-tax WACC within + 1 % for the clinic Belfast as well as within + 0.5 % for the clinics CMM and VN Sperm Bank will lead to a goodwill impairment loss.

For the clinics IVF Hammersmith, Leidendorp, Berlin and Wels an impairment loss was already determined in the base case. An increase in post-tax WACC or decrease in the forecast Operating EBITDA margin from which the terminal value is derived would lead to an additional impairment loss.

12 Inventories

	Year ended 31 March 2020 £000
Inventories	
Clinic supplies	**2,088**
Work in progress	**78**
Total inventories	**2,166**
Inventories charged as expenses during the period	
Amount treated as an expense in income statement	**8,177**
Write down of inventory (impairment)	-
Reversal of prior year write down	-
Total inventory charged as an expense in income statement	**8,177**

13 Trade and other receivables

	Year ended 31 March 2020 £000
Trade receivables	7,759
Other receivables	1,934
Prepaid expenses	1,180
	10,873

Information about the Group's exposure to credit and currency risks, and impairment losses for trade and other receivables, is included in note 22.

14 Cash and cash equivalents

	Year ended 31 March 2020 £000
Bank balances	8,802
Petty Cash	28
Cash and cash equivalents	8,830

15 Capital and reserves

Share capital and share premium

	Year ended 31 March 2020 £000
Share capital	845
Share premium	83,623
	84,468

All ordinary shares rank equally with regard to the Company's residual assets. Share capital is denominated in GBP.

Ordinary shares

Ordinary Shares	Year ended 31 March 2020 £000
Allotted, called up and fully paid	
14,605,860 A Ordinary shares of £0.01 each	**146**
130,000 B Ordinary shares of £0.01 each	**1**
2,261,838 C Ordinary shares of £0.01 each	**23**
Total Ordinary Shares	**170**
Preference Shares	
67,470,791 Preference shares of £0.01 each	**675**
Total Preference Shares	**675**
Total Shares	**845**

The holders of A, B and C Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The three classes have the same rights.

Preference shareholders have no voting rights and the issuer is not obliged to make any payments to holders before liquidation. Should ordinary dividends be declared and paid, which is at the discretion of the company, each preference share entitles the holder to a proportion of the dividends such that the accumulated dividend entitlement at any time is effectively a cumulative 12% return on the paid up amount. Each preference share entitles the holder to a proportion of the capital on any distribution and on a winding up. In a realisation event any liability for preference shares is deemed to be settled by proceeds from the purchasers and not from the company. Accordingly, these instruments have been classified as equity.

The Company may issue any number of shares with rights or restrictions determined by ordinary resolution.

The shares were issued for aggregate consideration of £84.468 million. The proceeds were invested in the acquisition of subsidiary undertakings.

16 Capital management

The Group is funded via a combination of third-party debt and support from its parent entity. The Group ensures that it has sufficient capital to meet both its current and future requirements by monitoring business performance and liquidity via a combination of monthly business and treasury reporting processes as well as at least monthly treasury planning and annual business planning processes.

The Group reports its net debt and liquidity to lenders and major shareholder on at least a monthly basis.

The Group's net debt as at 31 March 2020 was as follows:

		Year ended 31 March 2020 £000
Loans and Borrowings	*Note 18*	**103,017**
Less: cash and cash equivalents		**(8,830)**
Net debt		**94,187**

17 Non-Controlling Interests (NCI)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

	GCRM Belfast Limited	Wessex Fertility Limited	Wessex Fertility Holding Limited	Nurture LLP	Burton IVF Limited	Thames Valley Fertility Limited	Vitrolive	CMM Holding	CMM Medical	Repin Polska	Sub-total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
31 March 2020											
NCI percentage	22.52%	15.90%	15,90%	20.00%	20.00%	20.00%	15.00%	15.00%	15.00%	15.00%	
Net assets	600	664	3,690	1,779	215	1,269	548	107	1,988	5,146	16,006
Carrying amount of NCI	126	-477	587	201	31	257	-349	1,245	-1,334	789	1,076
Profit of subsidiary	273	603	-	276	152	280	164	1	816	17	2,582
Total comprehensive income	227	603	-	276	152	280	125	3	697	-96	2,267
Profit allocated to NCI	53	84	-	52	31	59	25	-	107	2	413
Cash flows from financing activities (dividends to NCI: £61,702)	-	–	-	189	3	-	–	–	40	2	234
Net increase in cash	-	–	-	189	3	-	–	–	40	2	234

31 March 2020	CMM Property £000	USD £000	Simply £000	GCRM Repin £000	GCRM £000	Worcester £000	Sub-total £000	Total £000
NCI percentage	15.00%	12.50%	10.00%	7.80%	7.80%	49.00%		
Net assets	1,827	119	575	8,361	1,146	33	16,006	28,067
Carrying amount of NCI	11	-14	55	653	-555	8	1,076	1,234
Profit of subsidiary	-24	-910	178	-	1,023	16	2,582	2,865
Total comprehensive income	-63	-910	178	-	1,023	16	2,267	2,511
Profit allocated to NCI	-	-113	16	-	88	-	413	404
Cash flows from financing activities (dividends to NCI: £61,702)	-	–	-	-	-	-	234	234
Net increase in cash	-	–	-	-	-	-	234	234

18 Financial liabilities

a) Non-current liabilities

	Year ended 31 March 2020 £000
Bank Facility Loan – Facility A	54,995
Bank Facility Loan - Accordion	36,970
Nat West RCF – GBP	4,900
Nat West RCF – EUR	2,674
Mortgage	538
Shareholder loan	2,836
Total non-current loans and borrowings	102,913

b) Current liabilities

	Year ended 31 March 2020 £000
Mortgage	104
Total current loans and borrowings	104

	Year ended 31 March 2020 £000
Derivative - interest rate swap	322
Other financial liabilities current	322

The interest rate swap had an initial period of three years. According to the agreement, the Group pays a fixed rate of 0.75% quarterly against 3 month LIBOR floored at 0% received quarterly until 22 September 2022. At 31 March 2020, the swap had a fair market value of £0.3 million.

The Group has not applied hedge accounting. Fair value changes are recorded through profit and loss.

c) Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

	Currency	Interest Rate Margin	Nominal interest rate %	Years to maturity	Principal amount before issue costs 31 March 2020 £000	Carrying amount 31 March 2020 £000
Bank Facility Loan – Facility A	**GBP**	LIBOR + 7	7.79	6	56,867	54,995
Bank Facility Loan - Accordion	**EUR**	LIBOR + 7	7,00	6	38,064	36,970
Nat West RCF	**GBP**	LIBOR + 2,75	3,49	5	4,900	4,900
Nat West RCF	**EUR**	LIBOR + 2,75	2,75	5	2,674	2,674
Mortgage	**PLZ**	WIBOR + 2,5	4,22	6	642	642
Shareholder loan	**GBP**	LIBOR + 12	12.14	7	2,836	2,836
Total interest-bearing loans					105,983	103,017

The agreements for the Bank Facility Loans and the Revolving Credit Facility (RCF) were entered into on 22 March 2019. The RCF maximum credit lines are £4.9 million and EUR 3.6 million. EUR 0.5 million of the EURO line is set aside for guarantees to third parties. The mortgage represents a mortgage balance held in Centrum Medyczne Macierzynstwo sp z o.o. The shareholder loan agreement was entered into on 31 March 2020.

The bank facility loans (including the revolving credit facility and the shareholder loan) are guaranteed by Delivery I Limited, Delivery II Limited, Repin B.V., Simply Fertility Ltd, Oxford Fertility Limited, Nurture LLP, Wessex Fertility Limited, Wessex Fertility Holdings Limited, GCRM-Repin Ltd, GCRM Belfast Limited, GCRM Limited, Diamant 181. GmbH, VivaNeo AT, Sterignost Kinderwunsch Behandlungs GmbH, Dr. Loimer GmbH, MVZ VivaNeo Kinderwunschzentrum Dusseldorf GmbH and MVZ VivaNeo Kinderwunschzentrum Wiesbaden. The security pledged individually by the guarantors are as follows:

1. Bank accounts with a balance over £0.5 million
2. Fixed assets in excess of £5.0 million
3. Intellectual property in excess of £5.0 million
4. Intercompany receivables over £5.0 million
5. Trade receivables over £5.0 million
6. Shares and quotas
7. UK real estate valued over £5.0 million

d) Movements in financial liabilities

	Carrying amount at corporation date £000	Addition from acquisition £000	Cash flows £000	Non-cash exchange revaluation £000	Non-cash other £000	Carrying amount 31 March 2020 £000
Interest bearing loans and borrowings	-	830	100,142	(167)	2,212	103,017
Other financial liabilities	-	-	-	-	322	322
Other payables	-	564	(319)	(3)	235	477
Lease liabilities	-	19,840	(2,996)	(81)	3,337	20,100
Total liabilities from financing activities	**-**	**21,234**	**96,827**	**(251)**	**6,106**	**123,916**

There are £0.98 million finance lease liabilities in the total of £20.1 million lease liabilities. The cash movement in interest bearing loans and borrowings comprises the drawdown of the term loan facilities and revolving credit facilities of £97.5 million, the drawdown of a shareholder loan of £2.8 million and a repayment of mortgage of £0.2 million. Non-cash movements comprise capitalization of accrued interest, amortisation of loan issue costs, changes in fair value of derivative financial instruments, and new leases incepting in the year.

19 Trade and other payables

	Year ended 31 March 2020 £000
Trade payables	**10,824**
Other payables	**5,435**
Trade and other payables	**16,259**
Current	**15,998**
Non current	**261**
Trade and other payables	**16,259**

Other payables include VAT and social security of £0.8 million and an accrual of £1.0 million for management charges that relates to an arrangement fee charge from Impilo (the sole shareholder of Delivery I Limited) under the terms of the Investment Agreement dated 22 March 2019. Information about the Group's exposure to currency and liquidity risk is included in note 22.

20 Contract liabilities

Reconciliation of net contract liabilities	**2020 £000**
Date of incorporation	**-**
Additions from acquisition	**5,110**
Advance payments	**13,070**
Revenue in year resulting from opening balance	**-**
Revenue in year from advance payments	**(13,711)**
As at 31 March 2020	**4,469**

Contract liabilities mainly relate to (1) storage contracts in the UK, where payments are received in advance; and (2) advance payments received in Denmark.

21 Provisions

	Claims and litigation provisions £000	Employee related provisions £000	Other provisions £000	Total £000
Date of Incorporation	-	-	-	-
Additions from acquisition	-	-	336	336
Additions	479	139	89	707
Exchange difference	-	-	(4)	(4)
31 March 2020	**479**	**139**	**421**	**1,039**

The provisions are expected to be utilised or released within the next 12 months. Employee related provisions are for discretionary bonuses.

22 Financial instruments

Accounting classifications and fair values

The following note includes considerations with regard to fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Management assessed that the fair value of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Because the original loan amount and conditions were agreed by third-parties at the time of origination, the carrying value was aligned with the fair value. The loans payable to credit institutions bear interest at a floating rate plus a spread which is considered equivalent to market rates at the balance sheet date. Based on the above considerations, the conditions and surrounding circumstances in relation to the loan have not materially changed since origination, and accordingly the book value still represents the fair value.

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables and borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of customers and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 March 2020, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- The fair value of loans from banks and other payables as well as obligations under finance leases is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. As at 31 March 2020, the carrying amounts of such liabilities were not materially different from their calculated fair values.

- Other financial liabilities at fair value through profit or loss include derivatives which are not designated as effective hedging instruments. The Group uses the derivative financial instruments (interest rate swaps) to hedge its interest rate risks. The derivative is carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. Interest rate swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves.

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Trade receivables consist of a number of customers, which principally include public sector contracts.

The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics.

The carrying amount recorded for financial assets in the financial statements is net of impairment losses and represents the Group's maximum exposure to credit risk. No guarantees have been given in respect to third parties.

The balance of trade and other receivables is mainly owed by public insurance counter parties which limits the risk of default from private patients.

Impairment

	Year ended 31 March 2020 £000 Gross	Year ended 31 March 2020 £000 Impaired	Year ended 31 March 2020 £000 Net
Not overdue	3,428	-	3,428
Overdue between 1 - 30 days	1,681	-	1,681
Overdue between 31 – 60 days	1,147	-	1,147
Overdue between 61 - 90 days	290	-	290
Overdue between 91 - 120 days	512	(9)	503
Overdue more than 120 days	2,409	(1,699)	710
	9,467	(1,708)	7,759

The management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment patterns.

Cash and cash equivalents

The Group held cash and cash equivalents of £8.8 million at 31 March 2020. Cash and cash equivalents are held with banking and financial institution counterparties.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its capital to ensure entities within the Group are able to continue as going concerns while maximising the return to stakeholders through optimising the balance between Group debt and equity.

The Group is subject to certain financial covenants imposed by the financing bank.

The Group regularly reviews the cost of capital and the risks associated with each class of capital. The Group's debt ratio at the balance sheet date was 84%.

The Group manages its liquidity risk by maintaining adequate facilities for reasonably foreseeable trading conditions, while taking full benefit of credit offered by suppliers.

Exposure to liquidity risk

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	1 year or less	**2 - 5 years**	**More than 5 years**	**March 31, 2020**
	£000	**£000**	**£000**	**£000**
Interest bearing loans and borrowings	6,724	34,742	105,131	146,597
Trade and other payables	11,182	233	16	11,431
Other financial liabilities	200	400	-	600
Lease liabilities	4,684	11,699	11,396	27,779
	22,790	47,074	116,543	186,407

Other financial liabilities include the expected payments under the interest rate swap.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily GBP, Euro (EUR), Danish Crowns (DKK) and Polish Zloty (PLN). The currencies in which these transactions are primarily denominated are GBP, EUR, DKK, and PLN.

Interest rate risk

The Group adopts a policy of ensuring that the majority of its interest rate risk exposure is at fixed rate.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to management of the Group is as follows:

	Year ended 31 March 2020 £000
Variable rate instruments	
Financial liabilities (gross)	103,017

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate liabilities after derivative contracts at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at balance sheet date was outstanding for the whole year. If interest rates increased by 2%, while all other variables were held constant, the Group's profit for the year would reduce by £1.49 million. If interest rates reduced to the floor of 0%, the Group's profit for the year would increase by £0.57 million. These assumptions represent management's assessment of the reasonably possible change in interest rates.

23 Leases as a lessee (IFRS 16)

The Group leases clinical and administrative properties, technical equipment and vehicles under operating leases. The amounts recognised in the financial statements in relation to leases are as follows.

Amounts recognised in the statement of financial position

The carrying amount of right-of-use assets at 31 March 2020 of £20,314,000 is analysed in note 10.

The movements in lease liabilities from incorporation to 31 March 2020 are shown in note 18(d). The balance at 31 March 2020 can be analysed by maturity as follows.

	Year ended 31 March 2020 £000
Current	4,388
Non current	15,712
Lease liabilities	20,100

The undiscounted cash flows in future periods relating to lease liabilities to which the Group was contractually committed at 31 March 2020 are shown in note 22.

Amounts recognised in the statement of profit and loss

	Year ended 31 March 2020 £000
Amortisation of right-of-use assets	3,481
Interest expense on leasing liabilities	1,148
Expenses relating to leases of low-value assets for which a right-of-use asset was not recognised	275
	4,904

The total cash outflow relating to leases in the year was £4.419 million.

24 List of subsidiaries

The Group's subsidiary undertakings are listed below, including the name, country of registration or incorporation and proportion of ownership interest:

Company name	**Country of registration or incorporation**	**Principal activity**	**Class of shares/ interests**	**2020 %**
Adebar Institut GmbH	Austria	Fertility clinic	Ordinary	**100.0**
Dr. Loimer GmbH	Austria	Fertility clinic	Ordinary	**100.0**
Sterignost Kinderwunsch Behandlungs GmbH	Austria	Fertility clinic	Ordinary	**100.0**
VivaNeo AT GmbH	Austria	Fertility clinic	Ordinary	**100.0**
Ciconia Aarhus Fertilitetsklinik Aps	Denmark	Fertility clinic	Ordinary	**100.0**
Stork IVF Klinik A/S	Denmark	Fertility clinic	Ordinary	**100.0**
VivaNeo DK ApS	Denmark	Fertility clinic	Ordinary	**100.0**
Diamant 181 GmbH	Germany	Financial Holding Company	Ordinary	**100.0**
Kyrobank Dr. Sydow GmbH	Germany	Fertility clinic	Ordinary	**100.0**
MVZ Kinderwunschpraxis Frankfurt GmbH	Germany	Fertility clinic	Ordinary	**100.0**
MVZ VivaNeo Kinderwunschzentrum Düsseldorf GmbH	Germany	Fertility clinic	Ordinary	**100.0**
MVZ VivaNeo Praxisklinik Berlin	Germany	Fertility clinic	Ordinary	**100.0**
MVZ VivaNeo Wiesbaden	Germany	Fertility clinic	Ordinary	**100.0**
Nierenzentrum Eichstätt MVZ GmbH	Germany	Clinic	Ordinary	**100.0**
VivaNeo AcquiCo 1 GmbH Stuttg.	Germany	Financial Holding Company	Ordinary	**100.0**
VivaNeo AcquiCo 2 GmbH	Germany	Financial Holding Company	Ordinary	**100.0**
VivaNeo Deutschland GmbH	Germany	Fertility clinic	Ordinary	**100.0**
VivaNeo Sperm Bank GmbH	Germany	Sperm Bank	Ordinary	**100.0**
FertiDrugs B.V.	Netherlands	Pharmacy	Ordinary	**100.0**
Global Fertility Netherlands B.V.	Netherlands	Fertility clinic	Ordinary	**100.0**
Kinderwens Medisch Centrum B.V.	Netherlands	Fertility clinic	Ordinary	**100.0**
Medisch Centrum Kinderwens Holding B.V.	Netherlands	Financial Holding Company	Ordinary	**100.0**
Medisch Centrum Kinderwens Leiderdorp	Netherlands	Fertility clinic	Ordinary	**100.0**
Repin B.V.	Netherlands	Financial Holding Company	Ordinary	**100.0**
Stichting Medisch Centrum Kinderwens	Netherlands	Fertility clinic	Ordinary	**100.0**
Delivery I Limited	England and Wales	Financial Holding Company	Ordinary	**100.0**
Delivery II Limited	England and Wales	Financial Holding Company	Ordinary	**100.0**
IRS Oxford Limited	England and Wales	Dormant entity	Ordinary	**100.0**
IVF Hammersmith Limited	England and Wales	Fertility clinic	Ordinary	**100.0**
Oxford Fertility Limited	England and Wales	Fertility clinic	Ordinary	**100.0**

The Fertility Partnership Ltd	England and Wales	Management company	Ordinary	**100.0**
The Berkshire Clinic Limited[1]	England and Wales	Dormant entity	Ordinary	**94.8**
Simply Fertility Ltd	England and Wales	Fertility clinic	Ordinary	**90.0**
Ultrasound Direct Limited	England and Wales	Ultrasound scanning	Ordinary	**87.5**
Wessex Fertility Limited	England and Wales	Fertility clinic	Ordinary	**84.1**
Wessex Fertility Holdings Limited	England and Wales	Holding company	Ordinary	**84.1**
Burton IVF Ltd	England and Wales	Fertility clinic	Ordinary	**80.0**
Nurture LLP	England and Wales	Fertility clinic	Partnership	**80.0**
Thames Valley Fertility Limited	England and Wales	Fertility clinic	Ordinary	**80.0**
Worcestershire Fertility Limited	England and Wales	Fertility clinic	Ordinary	**51.0**
GCRM Limited	Scotland	Fertility clinic	Ordinary	**92.2**
GCRM-Repin Ltd	Scotland	Holding company	Ordinary	**92.2**
GCRM Belfast Limited	Scotland	Fertility clinic	Ordinary	**77.5**
Vitrolive sp. zo.o (Ltd)	Poland	Fertility Clinic	Ordinary	**85.0**
Centrum Medyczne Macierzynstwo sp zo.o (Ltd)	Poland	Management company	Ordinary	**85.0**
Centrum Medyczne Macierzynstwo sp zo.o sp.k	Poland	Fertility clinic	Partnership	**85.0**
Repin Polska sp zo.o (Ltd)	Poland	Holding company	Ordinary	**85.0**
Nieruchomosci - Centrum Medyczne Macierzynstwo sp zo.o sp.k	Poland	Property holding company	Partnership	**85.0**

Delivery II Limited is a direct subsidiary. All other shares are held indirectly through a subsidiary company.

[1] Entities excluded from the consolidation on the basis of materiality.

The following subsidiaries of the Company are covered by a guarantee provided by Delivery I Limited and are consequently entitled to an exemption under s479A from the requirement of the Act relating to the audit of individual accounts. Under this guarantee, the Group will guarantee all outstanding liabilities of these entities. No liability is expected to arise under the guarantee. The entities covered by this guarantee are disclosed below.

Company name	**Company number**
Delivery II Limited	11876438
IVF Hammersmith Limited	05361232
Oxford Fertility Limited	05311146
The Fertility Partnership Ltd	08765580
Simply Fertility Ltd	08377409
Ultrasound Direct Limited	03631645
Wessex Fertility Limited	04822411
Wessex Fertility Holdings Limited	09147020
Burton IVF Ltd	08661477
Nurture LLP	OC388113
Thames Valley Fertility Limited	10246386
Worcestershire Fertility Limited	10245494
GCRM Limited	SC285879
GCRM-Repin Ltd	SC432293
GCRM Belfast Limited	SC415461

25 Acquisition of interests in subsidiaries

At the end of its first year, Delivery I Limited is considered as one of the largest IVF clinic groups in Europe. From this strong position the Group is well prepared to share local best practice and experience to drive patient experience and commercial value across its portfolio of IVF clinics. In future years the Group intends to take a leading role in consolidating the fragmented European IVF industry by continuing to expand through organic growth and new greenfield sites as well as through other external measures including partnerships and acquisitions.

Since incorporation the Group has invested £157.7 million in the acquisition of the businesses of The Fertility Partnership in the UK and Poland, and of VivaNeo in Central Europe. The combined businesses are the leading Northern European provider of fertility treatments. The purchase price of the acquired businesses was settled mainly in cash. Goodwill amounted to £103 million.

Repin Group

On 22 March 2019 Delivery I Limited acquired, through its wholly owned subsidiary Delivery II Limited, 100% of the shares of Repin B.V., Leiderdorp, Netherlands ('Repin Group'). For reasons of practicability and materiality, it was assumed that control was gained on 1 April 2019. Repin Group comprises a number of subsidiaries which operate as fertility clinics in the UK and Poland providing services to both the National Health Service and private patients. Repin Group was acquired in order to enter and develop the market for fertility treatments.

The purchase price of £106.3 million pertained mainly to intangible assets for the brand TFP, customer relationships, property plant and equipment including right of use assets and goodwill.

The fair value of the brand TFP was determined by calculating the fair value of expected future revenues that are attributable to the brand TFP using a Relief from Royalty Method. Key assumptions were an expected useful lifetime of the brand of 15 years, a royalty rate of 7.50% derived from comparable transactions, term-specific weighted average capital costs of 8.12% and a tax rate of 19.00%. Since Repin Group generates all its revenues under the brand TFP, all expected future revenues of Repin Group between April 2019 and March 2034 were included in the brand valuation. The fair value of the brand TFP as of the acquisition date amounts to £38.1 million.

Several subsidiaries of Repin Group maintain contracts with the NHS in form of referral relationships. The contracts have an average maturity of two years but are likely to be prolonged at maturity. The referral relationships were recognized as an intangible asset with the fair value of expected future revenues that will be generated with the NHS. Key assumptions were an expected total useful lifetime of the referral relationship of 8 years, term-specific weighted average capital costs of 7.82% and a tax rate of 19.00%. The fair value of the referral relationships with the NHS as of the acquisition date amounts to £0.8 million.

The fair value of the trade receivables amounts to £2.7 million. The gross amount of trade receivables is £3.3 million of which £0.6 million is assessed as irrecoverable.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the value of the lease liabilities.

The residual goodwill arising, which is not tax-deductible, relates to the know-how of the medical staff and to the strategic opportunities available to a leading participant to consolidate the market and develop new services.

Revenue of £46.4 million and a loss after taxation of £6.6 million were recorded for the acquired businesses from the date of acquisition to 31 March 2020.

Viva Neo Group

On 1 July 2019 Delivery I Limited acquired, via its wholly owned subsidiary Diamant 181. GmbH, 100% of the shares of Viva Neo Deutschland GmbH, Berlin, Germany ('Viva Neo Group'). Viva Neo Group comprises a number of subsidiaries which operate as fertility clinics in Germany, Denmark, the Netherlands and Austria providing services to both the public health services and private patients. Viva Neo Group was acquired in order to geographically cover more markets, enlarge the range of services and generate economies of scale.

The purchase price of £51.4 million related mainly to intangible assets, goodwill and the remaining net assets as set out below.

The fair value of the brand Viva Neo was determined from the perspective of a market participant by calculating the fair value of expected future revenues that are attributable to the brand Viva Neo using a Relief from Royalty Method. Key assumptions were an expected useful lifetime of the brand of 10 years, a royalty rate of 7.50% derived from comparable transactions, capital costs of 8.49% and a tax rate of 32.00%. Since Viva Neo Group generates all its revenues under the brand Viva Neo, all expected future revenues of Viva Neo Group between July 2019 and June 2029 were included in the brand valuation. The fair value of the brand Viva Neo amounted to £22.0 million.

The fair value of the trade receivables amounts to £4.0 million. The gross amount of trade receivables is £4.4 million of which £0.4 million is assessed as irrecoverable.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to value of the lease liabilities.

The residual goodwill, which is not tax-deductible, included mainly the know-how of the medical staff and expected benefits from the efficiencies generated from a larger group in terms of pooled resources and best practice.

Revenue of £29.4 million and loss after taxation of £10.6 million were recorded for the acquired businesses in the period from acquisition to 31 March 2020.

The following loans and borrowings were issued to finance the acquisitions and provide them with working capital:

	Currency	**Amount (£m) 31 March 2020**	**Interest Rate Margin**	**Nominal Interest Rate %**	**Years to Maturity**
Bank Facility Loan	GBP	56.9	LIBOR + 7	7.79	6
	EUR	38.1	LIBOR + 7	7.00	6
Nat West RCF	GBP	4.9	LIBOR + 2,75	3.49	5
	EUR	2.7	LIBOR + 2,75	2.75	5
Total GBP		**102.6**			

The effective interest calculation includes net issue costs of £3.0 million.

The fair values of the identifiable assets and liabilities as at the date of inclusion in the consolidation were as follows:

	Fair Value 1 April 2020 £000	**Fair Value 1 July 2020 £000**
	Repin Group	**Viva Neo Group**
Property, plant and equipment	25,971	10,691
Intangible assets	39,267	22,554
Deferred tax assets	317	1,793
Financial assets	100	-
Inventories	614	1,726
Trade and other receivables	4,152	6,342
Cash and cash equivalents	3,799	1,119
Deferred tax liabilities	(8,091)	(8,498)
Lease liabilities non-current	(12,028)	(3,701)
Interest bearing loans and borrowings non-current	(650)	-
Interest bearing loans and borrowings current	(175)	-
Current income tax liabilities	(249)	(380)
Trade and other payables	(4,714)	(14,664)
Lease liabilities current	(2,377)	(1,734)
Provisions current	-	(336)
Contract liabilities (deferred income)	(3,467)	(1,661)
Net identifiable assets	42,469	13,251
Non-controlling interest	(1,064)	-
Goodwill arising on acquisition	64,865	38,134
Consideration transferred	106,270	51,385
Net cash acquired	(3,799)	(1,119)
Issue of shares	(8,900)	-
Net cash outflow for the acquisition	93,571	50,266

On completion of each acquisition, existing borrowings of £13.2 million for Repin Group and £43.2 million for Viva Neo Group were repaid.

26 Related parties

Transactions with related parties were made on terms equivalent to those prevailing in arm's length transactions.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Related party trade balances 2020:

	Sales to related parties £000	Purchases from related parties £000	Trade receivable £000	Trade liability £000
Rafal Kurzawa – medical and management contract	-	116	-	-
Rafal Kurzawa – building lease	-	64	-	-
	-	180	-	-

Rafal Kurzawa is the minority shareholder holding 15% in Repin Polska holding company. He provides medical and management services to the Company, as well as leasing facilities to the company.

Note 17 provides information in relation to related party financing balances. The Shareholder Loan was granted by Impilo Delivery AB.

No guarantees have been provided or received for any related party receivables or payables.

Parent and ultimate controlling party

The ultimate parent entity of the Group is Delivery I Limited, with Impilo Delivery AB holding an indirect interest of 85.80% in Delivery I Limited.

Key management personnel compensation

Key management personnel compensation comprised the following:

	2020 £000	2019 £000
Wages and salaries	1,114	-
Social security contributions	36	-
Bonus	2,897	-
Termination benefits	79	-
Short-term employee benefits	**4,126**	-

Key management personnel are executive and non-executive directors having authority and responsibility for planning, directing, and controlling the activities of the group, directly or indirectly.

Compensation of the key management personnel includes salaries, bonus and termination benefits.

Delivery I Limited Statutory Directors' compensation comprised the following:

	2020 £000	2019 £000
Wages and salaries	131	-
Social security contributions		-
Bonus	1,888	-
Termination benefits	-	-
Short-term employee benefits	**2,019**	-

Total remuneration received by the highest paid director in FY20 amounted to £100,500 in salaries and social contributions and £1,888,000 in bonus.

27 Commitments and contingencies

Other than lease commitments for which no right of use asset under the low value exemption of IFRS 16 has been recognised, no additional significant commitments exist.

	Year ended 31 March 2020 £000 Lease commitments
Within one year	**196**
After one year but not more than five years	**264**
	460

German Tax authorities have questioned the recoverability of €725k of input VAT relating to an intra-group management fee. Management concurs with third-party professional advice, based on established legal precedent, that more likely than not the VAT is recoverable.

28 Post balance sheet events

On 24 April 2020 the Group entered into a revised facility agreement, providing an additional headroom of £20 million of funding committed for 7 years for drawn funds.

On 25 August 2020, the Group acquired a 60.00% shareholding in Sonoview Limited, a company registered in the UK and previously a franchisee of Ultrasound Direct limited.

Company statement of financial position as at 31 March 2020

		31 March 2020	31 March 2019
		£000	£000
Investments	30	73,054	46,248
Non current assets		73,054	46,248
Trade and other receivables	31	13,245	12,414
Cash		2,832	-
Current assets		16,077	12,414
Total assets		89,131	58,662
Equity			
Share capital	32	845	576
Share premium account		83,623	57,086
Retained earnings		(287)	-
Shareholder's funds		84,181	57,662
Non-current liabilities			
Interest bearing loans and borrowings	33	2,836	-
Total non-current liabilities		2,836	-
Current liabilities			
Trade and other payables	34	2,114	1,000
Total current liabilities		2,114	1,000
Total liabilities		4,950	1,000
Total equity and liabilities		89,131	58,662

PARENT COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

As permitted by section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The Company's loss for the year ended 31 March 2020 was £287,000 (loss for the year ended 31 March 2019: £nil).

The financial statements on pages 72 to 80 were approved by the board of directors on 13th January 2021 and were signed on its behalf by

Johannes Roehren

Director

Director

Company statement of changes in equity

	Share capital	Share premium	Retained earnings	Total
	£000	£000	£000	£000
Balance on incorporation	-	-	-	-
Other comprehensive income	-	-	-	-
Issue of shares	576	57,086	-	57,662
As at 31 March 2019	576	57,086	-	57,662
Other comprehensive income	-	-	(287)	**(287)**
Issue of shares	269	26,537	-	**26,806**
As at 31 March 2020	**845**	**83,623**	**(287)**	**84,181**

Notes to the company's financial statements

29 Significant accounting policies

(a) Basis of preparation

Delivery I Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. These financial statements present information about the Company as an individual undertaking and not about its group. The reporting currency of these financial statements is pounds sterling.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- *Cash Flow Statement and related notes; and*
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 29(g).

(b) Measurement convention

The financial statements are prepared on the historical cost basis, with the exception of derivative financial instruments which are stated at fair value through profit and loss.

(c) Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Delivery I Limited is the parent company of the TFP Group (the "Group"), and is a cross-guarantor of its subsidiaries' borrowings. Management have prepared cash flow forecasts out to the end of 31 March 2022, which demonstrate that, taking account of plausible downside scenarios, the Group will have sufficient funds through a combination of cash generated from trading, banking facilities and funding from its ultimate parent company, Impilo AB, to meet its liabilities as they fall due throughout that period. The plausible downside scenario models a pan-European lockdown, on the scale and for the duration of, the Spring 2020 lockdown taking place at any point between now and December 2021.

The Group has prepared its "base case" monthly cashflow forecast at clinic level to 31 December 2021. Underpinning the cashflows are detailed clinic level profit and loss accounts as well as workings for loans and working capital. Prudent assumptions have been taken to transform accrual accounting into cash accounting. The forecast P&L is based upon the historic seasonal profile of the business and growth assumptions have been taken from the latest TFP Group planning exercise (October 2020). Funding levels will be maintained at present levels and are considered sufficient to meet future covenant levels throughout the base case cashflow planning period. Lenders confirm that the loans are not due to be repaid in the period to 31 March 2022, which at 15 December 2020 amounted to £103 million.

In our plausible downside scenarios a rise in COVID 19 infection rates leads to a second lockdown across Europe. The group has reviewed the financial impact of the previous lockdown applying the actual impact and a learning effect to create what we have called the "Covid Impact Curve" to overlay our base case forecast and create various scenarios with lockdowns beginning in a range of months. Management consider this to be a conservative assumption given that the Spring 2020 lockdown was novel and a considerable degree of adaptation (for all stakeholders) was required. In the event of a future lockdown the business (and stakeholders) will all benefit from the experience gained in the original lockdown. Reviewing the modelled downside scenarios the covenants are not breached at any time in the coming 15 month period. Covenant headroom is tightest in the months of June 2021 and September 2021 but only if lockdowns takes place in the months of February or March 2021 respectively. There is therefore limited ability to absorb further shocks e.g. a slower than anticipated recovery from lockdown or a more general downturn in performance arising from a potential economic downturn. In such circumstances – which go beyond our plausible downside scenario – then additional support would be required.

Impilo AB will continue to support the Company, including not seeking repayment of the shareholder loan facility of £2.8 million until at least April 2027 to enable it to meet its financial liabilities as they fall due and continue to trade.

(d) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

(e) Financial instruments

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

(i) Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

(ii) Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

(iii) Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

(iv) Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

(v) Other financial instruments

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

(vi) Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in OCI. Any ineffective portion of the hedge is recognised immediately in profit or loss. When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied – see above), the associated cumulative gain or loss is removed from the cash flow hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged items, the associated cumulative gain or loss is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

(f) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

(g) Key judgements

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and *liabilities in the next financial year are discussed below.*

Fixed Asset Investment

The asset is held at carrying value, being the consideration given for the acquisition of shares in the investment. There has been no impairment of the investment in the current or prior year. Management is satisfied that the carrying value is an appropriate valuation.

30 Investments

	Year ended 31 March 2020 £000
Cost and carrying amount	
At 1 April 2019	46,248
Additions	26,806
At 31 March 2020	**73,054**

The investment represents a 100% shareholding in Delivery II Limited, comprising ordinary share capital of 73,054,058 (2019: 46,248,315) Ordinary shares of £0.01 each issued at £1 per share.

31 Trade and other receivables

	31 March 2020 £000	31 March 2019 £000
Amounts owed by group undertakings	**13,245**	**12,414**
	13,245	**12,414**

Amounts owed by group undertakings at 31 March 2019 included £8,933,593 of fixed coupon 12% unsecured loan notes issued by Delivery II Limited on 22 March 2019. Delivery I Limited has waived interest on these loan notes and they were redeemed on the earliest applicable date of 22 September 2019 in exchange for an interest-free loan repayable on demand.

32 Capital and reserves

Ordinary shares

Ordinary Shares	2020 £000	2019 £000
Allotted, called up and fully paid		
14,605,860 (2019: 9,249,663) A Ordinary shares of £0.01 each	146	92
130,000 B Ordinary shares of £0.01 each	1	1
2,261,838 (2019: 2,256,838) C Ordinary shares of £0.01 each	23	23
67,470,791 (2019: 46,026,003) Preference shares of £0.01 each	675	460
	845	576

The holders of A, B and C Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The three classes have the same rights.

Preference shareholders have no voting rights and the issuer is not obliged to make any payments to holders before liquidation. Should ordinary dividends be declared and paid, which is at the discretion of the company, each preference share entitles the holder to a proportion of the dividends such that the accumulated dividend entitlement at any time is effectively a cumulative 12% return on the paid up amount. Each preference share entitles the holder to a proportion of the capital on any distribution and on a winding up. In a realisation event any liability for preference shares is deemed to be settled by proceeds from the purchasers and not from the company. Accordingly, these instruments have been classified as equity.

The Company may issue any number of shares with rights or restrictions determined by ordinary resolution.

During the period the Company issued 5,356,197 A Ordinary shares, 5,000 C Ordinary shares and 21,444,788 Preference shares for aggregate cash consideration of £26.805 million. The proceeds were invested in the subsidiary undertaking.

33 Financial assets and liabilities

Financial assets comprise receivables from group undertakings of £13.245 million (2019: £12.414 million) and cash of £2.832 million (2019: £nil). Financial liabilities comprise payables to group undertakings of £852,000 (2019: nil) and a loan from the shareholder of £2.836 million (2019: nil). The shareholder loan is repayable on or before 31 March 2027 and bears interest at LIBOR + 12%.

Financial assets and liabilities are carried at amortised cost. The carrying amount of all financial instruments is a reasonable approximation to fair value.

34 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Accruals	1,215	1,000
Amounts owed to group undertakings	852	-
Tax and social security	47	-
	2,114	1,000

35 Related party transactions

The following balances were outstanding with related parties:

	Receivables At 31 March 2020 £000	Receivables At 31 March 2019 £000	**Payables At 31 March 2020 £000**	Payables At 31 March 2019 £000
Delivery II Limited	13,189	12,414	98	-
The Fertility Partnership Limited	56	-	519	-
Oxford Fertility Limited	-	-	110	-
	13,245	**12,414**	**727**	**-**