

Lucid Group Communications Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 09212331



Lucid Group Communications Limited

Company Information

Directors	D S O'Brien G C Plumer
Registered number	09212331
Registered office	Jubilee House Third Avenue Globe Park Marlow SL7 1EY
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Lucid Group Communications Limited

Contents

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 27

Lucid Group Communications Limited

Strategic Report For the Year Ended 31 December 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Company in the period under audit was that of an intermediate holding company for the Laser Group of companies ("the Group"), which provide medical communications.

Business review

The Company continued to perform in line with expectations during the year. The directors do not consider that any provision for impairment is required to the investment value of the shares in its group undertaking.

Going concern

The financial statements have been prepared on a going concern basis.

The directors have reviewed the Company's going concern position considering its current business activities, budgeted performance and factors likely to affect its future performance.

Based on the information contained within the accounts and including specific consideration with the risks associated with increased inflation and the ongoing impact of Covid, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

At 31 December 2021 the Company had net current liabilities of £2.6m (2020: net current assets of £3.0m) and net assets of £17.5m (2020: £17.9m) and generated net losses of £0.4m (2020: net profit of £8.2m) for the year then ended.

Lucid Group Communications Limited works as a cost centre for a Group which has a strong performance.

The Group has recognised a statutory EBITDA of £8.3m for the period ended 31 December 2021 and, as at that date, current assets exceed current liabilities by £16.3m and the Group had cash resources of £12.1m.

In the year to 31 December 2021 trading exceeded management's expectations. This has been due to continued demand from the Group's customers and strong demand demonstrates the resilience of the business and the healthcare sector during a period of uncertainty caused by Covid-19.

The directors have carried out a rigorous group stress test modelling a plausible but severe scenario in order to consider a reduction in performance and earnings before cash would be constrained, along with the likelihood of such a scenario occurring. Although the scenario is remote with confirmed booked revenue for FY22, the directors considered additional potential mitigating actions. With a modeled decline in revenue, the directors would then be able to mitigate costs, mainly driven by the reduction in expansion of staff on payroll and a reduced need for freelancer work, in order to stay within the covenant terms. This scenario is considered remote. After undergoing this exercise, the directors have a reasonable expectation that the Group will have adequate resources to continue in operation for at least 12 month from the signing date of these financial statements.

As is typical for the sector, most purchase orders covering FY22 revenues would not be expected to be received until partway through the year, however the FY22 full-year revenue forecast as at June 2022 was 71% for the Shoo 802AA group and 100% for DiD Agency Group which is supportive of the delivery of FY22 revenues. In both cases these values represent the proportion of the full year's revenue that has been booked and confirmed by customers as at the end of June 2022. The values from DiD Agency are expected to be higher than from the Shoo 802AA group due to the average length of the orders being longer in DiD Agency LLC.

After reviewing the Group's forecast and projections, the directors consider that the Company has access to sufficient funding to meet its financial obligations as they fall due. As a result, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Lucid Group Communications Limited

Strategic Report (continued)
For the Year Ended 31 December 2021

Key performance indicators

As an intermediate holding company of Laser Group of companies, the directors do not review the performance in isolation, but together with the results of the Group. For the review of the results of the Group and relevant key performance indicators see consolidated accounts of Laser Topco Limited, which are available from Companies House.

Principal risks and uncertainties

The Company has minimum exposure in terms of price risk, credit risk and cashflow risk. As the Company has overseas subsidiaries and bills a material proportion of the sales in EUR and USD, there is some exposure to the effects of fluctuations in foreign exchange rates. This exposure has been hedged by denominating the loans for the purchase of the US entities in USD, so to create a natural hedge for exchange rate movements.

The management and directors monitor cashflow closely and take steps to ensure that appropriate funding is in place and that sufficient headroom exists to manage the day to day business. The directors monitor the requirements against funding arrangements and ensure that covenants in place are not breached.

The directors monitor the exposure to interest rate risk, following the introduction of long term external borrowings during the period. As a consequence of this, the Group have entered into an Interest Rate Cap from June 2022 to June 2024.

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



.....
D S O'Brien
Director

Date: 9th September 2022

Lucid Group Communications Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

On 30 March 2021, the Company changed its registered office address from Burleighfield House, London Road Loudwater, Buckinghamshire, HP10 9RF to Jubilee House Third Avenue, Globe Park, Marlow, England, SL7 1EY.

Results and dividends

The loss for the year, after taxation, amounted to £405,764 (2020: profit of £8,193,864).

The Company declared and paid dividends of £Nil during the year (2020: £Nil).

Directors

The directors who served during the year and subsequent to year end were:

D S O'Brien
J E Steele (resigned 2 June 2021)
T M Skelton (resigned 27 May 2022)
G C Plumer (appointed 28 July 2022)

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

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

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

Going concern

For further information on going concern, see note 2.3 of the financial statements.

Lucid Group Communications Limited

Directors' Report (continued) For the Year Ended 31 December 2021

Disclosure of information to auditor

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

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

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



.....
D S O'Brien
Director

Date: 9th September 2022

Lucid Group Communications Limited

Independent Auditor's Report to the Members of Lucid Group Communications Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lucid Group Communications Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Lucid Group Communications Limited

Independent Auditor's Report to the Members of Lucid Group Communications Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

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

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

Lucid Group Communications Limited

Independent Auditor's Report to the Members of Lucid Group Communications Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework: United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006. We have evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks related to management override of controls and management bias in accounting estimates. In order to address the identified risks, we have performed the following procedures:

- We gained an understanding of how the Company is complying with reporting requirements by making enquiries of management. We corroborated our enquiries through our review of board minutes and review of any regulatory correspondence.
- We have considered the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors that processes and controls.
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included targeted testing of specific journal entries based on identified characteristics the audit team considered could be indicative of fraud as well as a focus on large and unusual transactions based on our knowledge of the business.
- We have performed testing on the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be a greater risk of susceptibility to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

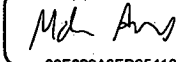
Lucid Group Communications Limited

Independent Auditor's Report to the Members of Lucid Group Communications Limited (continued)

Use of our report

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

DocuSigned by:



09E023A6ED65410...

Mark Ayres (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 09 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Lucid Group Communications Limited

Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Administrative expenses		(7,275,468)	(5,638,047)
Other income	5	7,275,467	5,738,864
Operating (loss)/profit	4	(1)	100,817
Dividend income	8	-	8,117,083
Interest receivable and similar income	9	27,592	-
Interest payable and similar expenses	10	(520,358)	-
(Loss)/profit before tax		(492,767)	8,217,900
Taxation	11	87,003	(24,036)
(Loss)/profit and total comprehensive (expense)/income for the financial year		(405,764)	8,193,864

All amounts relate to continuing activities.

There was no other comprehensive income for 2021 (2020: £Nil).

The notes on pages 12 to 27 form part of these financial statements.

Lucid Group Communications Limited
Registered number:09212331

Statement of Financial Position
As at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	12	728,804	688,157
Investments	13	19,414,811	14,198,538
		<u>20,143,615</u>	<u>14,886,695</u>
Current assets			
Debtors	14	11,282,531	12,883,024
Cash and cash equivalents		79,903	275,012
		<u>11,362,434</u>	<u>13,158,036</u>
Creditors: amounts falling due within one year	15	(14,008,205)	(10,114,199)
Net current (liabilities)/assets		<u>(2,645,771)</u>	<u>3,043,837</u>
Total assets less current liabilities		<u>17,497,844</u>	<u>17,930,532</u>
Provisions for liabilities			
Deferred tax	16	-	(26,924)
Provisions	17	(48,635)	(48,635)
Net assets		<u>17,449,209</u>	<u>17,854,973</u>
Capital and reserves			
Share capital	18	110	110
Share premium account	19	129,179	129,179
Merger reserve	19	6,099,645	6,099,645
Retained earnings	19	11,220,275	11,626,039
Total equity		<u>17,449,209</u>	<u>17,854,973</u>

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



.....
D S O'Brien
Director

Date: 9th September 2022

The notes on pages 12 to 27 form part of these financial statements.

Lucid Group Communications Limited

Statement of Changes in Equity For the Year Ended 31 December 2021

	Share capital £	Share premium account £	Merger reserve £	Retained earnings £	Total equity £
At 1 January 2021	110	129,179	6,099,645	11,626,039	17,854,973
Comprehensive loss for the year					
Loss for the year	-	-	-	(405,764)	(405,764)
At 31 December 2021	110	129,179	6,099,645	11,220,275	17,449,209

Statement of Changes in Equity For the Year Ended 31 December 2020

	Share capital £	Share premium account £	Merger reserve £	Retained earnings £	Total equity £
At 1 January 2020	110	129,179	6,099,645	3,432,175	9,661,109
Comprehensive income for the year					
Profit for the year	-	-	-	8,193,864	8,193,864
At 31 December 2020	110	129,179	6,099,645	11,626,039	17,854,973

The notes on pages 12 to 27 form part of these financial statements.

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Lucid Group Communications Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activity is set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption conferred by S400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated accounts of a larger group, Laser Topco Limited.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

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

This information is included in the consolidated financial statements of Laser Topco Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis.

The directors have reviewed the Company's going concern position considering its current business activities, budgeted performance and factors likely to affect its future performance.

Based on the information contained within the accounts and including specific consideration with the risks associated with increased inflation and the ongoing impact of Covid, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

At 31 December 2021 the Company had net current liabilities of £2.6m (2020: net current assets of £3.0m) and net assets of £17.5m (2020: £17.9m) and generated net losses of £0.4m (2020: net profit of £8.2m) for the year then ended.

Lucid Group Communications Limited works as a cost centre for a Group which has a strong performance.

The Group has recognised a statutory EBITDA of £8.3m for the period ended 31 December 2021 and, as at that date, current assets exceed current liabilities by £16.3m and the Group had cash resources of £12.1m.

In the year to 31 December 2021 trading exceeded management's expectations. This has been due to continued demand from the Group's customers and strong demand demonstrates the resilience of the business and the healthcare sector during a period of uncertainty caused by Covid-19.

The directors have carried out a rigorous group stress test modelling a plausible but severe scenario in order to consider a reduction in performance and earnings before cash would be constrained, along with the likelihood of such a scenario occurring. Although the scenario is remote with confirmed booked revenue for FY22, the directors considered additional potential mitigating actions. With a modeled decline in revenue, the directors would then be able to mitigate costs, mainly driven by the reduction in expansion of staff on payroll and a reduced need for freelancer work, in order to stay within the covenant terms. This scenario is considered remote. After undergoing this exercise, the directors have a reasonable expectation that the Group will have adequate resources to continue in operation for at least 12 month from the signing date of these financial statements.

As is typical for the sector, most purchase orders covering FY22 revenues would not be expected to be received until partway through the year, however the FY22 full-year revenue forecast as at June 2022 was 71% for the Shoo 802AA group and 100% for DiD Agency Group which is supportive of the delivery of FY22 revenues. In both cases these values represent the proportion of the full year's revenue that has been booked and confirmed by customers as at the end of June 2022. The values from DiD Agency are expected to be higher than from the Shoo 802AA group due to the average length of the orders being longer in DiD Agency.

After reviewing the Group's forecast and projections, the directors consider that the Company has access to sufficient funding to meet its financial obligations as they fall due. As a result, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.5 Other income

Other income represents management charges to other group companies received and receivable during the period net of value added tax.

2.6 Interest receivable

Interest receivable is recognised in the statement of comprehensive income using the effective interest method.

2.7 Interest payable

Interest payable is charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pension costs and other post-retirement benefits

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the statement of comprehensive income.

Short term employee benefits including holiday pay and annual bonuses are accrued as services become rendered.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. The Company classifies a grant either as a grant relating to revenue or a grant relating to assets. A grant is recognised when there are reasonable assurance that the Company will comply with the conditions attaching to the grant and the grants will be received.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.10 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.11 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold improvements	- 33% on cost
Fixtures, fittings and equipment	- 25% on cost
Computer equipment	- 33% on cost

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.12 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.13 Debtors

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

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 3 months.

2.15 Creditors

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

2.16 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

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

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period.

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the Company's investments. Factors taken into consideration in reaching such a decision include the economic viability, and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determining whether there are indicators of impairment of amounts owed by group undertakings and whether provisions are required to amounts owed by group undertakings, based on the ability of the fellow subsidiary to generate profits and cash.

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2021 £	2020 £
Gain on disposal of fixed asset	6,920	-
Operating lease charges	593,932	539,430
Depreciation	435,957	352,848
Auditor's remuneration in respect of:		
- Audit	-	82,360
- Other non-audit services	-	33,000
Exchange differences	(191,613)	(64,465)
Management charges	(7,275,467)	(5,724,469)

All fees payable to the Company's auditor for the audit of the Company's annual financial statements and for all other services are borne by another group company.

Payments under operating leases are made on behalf of other group companies who are named on the leases. The commitments under these leases are shown in the other group companies statutory accounts.

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

5. Other income

	2021 £	2020 £
Government grants receivable	-	14,395
Sundry income	7,275,467	5,724,469
	<u>7,275,467</u>	<u>5,738,864</u>

During the prior year, the Company had taken advantage of the Coronavirus Job Retention Scheme in the UK. Total income of £56,457 was recognised in the previous period in relation to the scheme, of which £42,062 had been recharged to subsidiaries. No such income has been received in the current year.

Sundry income relates to the management charges received from the group companies.

6. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	13,542,110	8,026,359
Social security costs	1,633,279	897,396
Cost of defined contribution scheme	477,111	299,676
	<u>15,652,500</u>	<u>9,223,431</u>
Recharged to subsidiaries	(13,391,524)	(7,539,894)
Recharged to parent company	(24,367)	-
Recharged from parent company	444,549	50,666
	<u>2,681,158</u>	<u>1,734,203</u>

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

	2021 No.	2020 No.
Front office	232	116
Back office	24	32
	<u>256</u>	<u>148</u>

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Directors emoluments

The directors' remuneration is borne by a parent company.

8. Income from investments

	2021 £	2020 £
Dividend income	-	8,117,083

9. Interest receivable and similar income

	2021 £	2020 £
Interest receivable from group companies	27,592	-

10. Interest payable and similar expenses

	2021 £	2020 £
Interest payable to group companies	520,358	-

11. Taxation

	2021 £	2020 £
Corporation tax		
Adjustments in respect of prior periods	(60,079)	-
Total current tax	(60,079)	-
Deferred tax		
Origination and reversal of timing differences	(18,432)	(5,348)
Adjustment in respect of previous periods	(12,916)	25,987
Effect of tax rate change on opening balance	4,424	3,397
Total deferred tax	(26,924)	24,036
Taxation on (loss)/profit on ordinary activities	(87,003)	24,036

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Taxation (continued)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	<u>(492,767)</u>	<u>8,217,900</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(93,626)	1,561,401
Effects of:		
Fixed asset differences	17,848	27,031
Expenses not deductible for tax purposes	1,838	139,054
Other permanent differences	(764,184)	-
Losses carried back	60,079	-
Group relief surrendered/(claimed)	569,496	(190,588)
Adjustments to tax charge in respect of previous periods	(60,079)	-
Adjustments to tax charge in respect of previous periods - deferred tax	(12,916)	25,987
Remeasurement of deferred tax for change in rates	(61,434)	3,397
Income not taxable for tax purposes	-	(1,542,246)
Movement in deferred tax not recognised	255,975	-
Total tax (credit)/charge for the year	<u>(87,003)</u>	<u>24,036</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

12. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2021	677,431	68,767	549,580	1,295,778
Additions	200,988	38,432	237,184	476,604
Disposals	-	(1,382)	-	(1,382)
At 31 December 2021	<u>878,419</u>	<u>105,817</u>	<u>786,764</u>	<u>1,771,000</u>
Depreciation				
At 1 January 2021	245,134	55,307	307,180	607,621
Charge for the year	264,234	13,565	158,158	435,957
Disposals	-	(1,382)	-	(1,382)
At 31 December 2021	<u>509,368</u>	<u>67,490</u>	<u>465,338</u>	<u>1,042,196</u>
Net book value				
At 31 December 2021	<u>369,051</u>	<u>38,327</u>	<u>321,426</u>	<u>728,804</u>
At 31 December 2020	<u>432,297</u>	<u>13,460</u>	<u>242,400</u>	<u>688,157</u>

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2021	14,198,538
Additions	5,216,273
At 31 December 2021	<u>19,414,811</u>

The additions to fixed asset investment represent \$7,388,000 (£5,239,716) of investment in subsidiary company, Lucid Group Communications Inc, in order to facilitate the investment in DiD Agency LLC in June 2021. Additionally, capitalised finance costs relating to the acquisition amounted to £1,371,311. The remainder represents a revision of consideration in existing investments, leading to a reduction in value of £23,442 based on final earn outs in September 2021.

In the opinion of the directors, the recoverable amount of the Company's investment in subsidiary undertakings is not less than the amount included in the statement of financial position.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of share held	Holding	Principal activity
Lucid Partners Limited	Ordinary	100%	Consultancy services
Leading Edge Medical Education Limited	Ordinary	100%	Consultancy services
Vivid Medcomms Limited	Ordinary	100%	Consultancy services
Lucid Group Communication, Inc.	Ordinary	100%	Consultancy services
Lighthouse Medical Communications US LLC*	Ordinary	100%	Consultancy services
Leading Edge US LLC*	Ordinary	100%	Consultancy services
Blue Dog Design Limited*	Ordinary	100%	Consultancy services
Blue Dog Holdings Limited	Ordinary	100%	Holding company
Healthcare 21 Communications Limited*	Ordinary	100%	Consultancy services
Healthcare 21 (Holdings) Limited	Ordinary	100%	Holding company
Bank Source Limited*	Ordinary	100%	Dormant
Healthcare 21 Communications Singapore Private Limited*	Ordinary	100%	Consultancy services
Hexagon Communications 21 Limited*	Ordinary	100%	Dormant
Medical Education Grants Limited*	Ordinary	100%	Dormant
DiD Agency LLC*	Ordinary	100%	Consultancy services

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Fixed asset investments (continued)

Subsidiary undertakings (continued)

*Held indirectly.

The registered office of Lighthouse Medical Communications US LLC and Lucid Group Communication, Inc is 1740 Broadway, 3rd Floor, New York, NY 10019.

The registered office of Leading Edge US LLC and Leading Edge Medical Education LLC is 11 Park Place, 3rd Floor, New York, NY 10007.

The registered office of DiD Agency LLC is 201 South Maple Avenue, Suite 200, Ambler, PA 19002.

The registered office of Healthcare 21 Communications Singapore Private Limited is 50 Raffles Place, #32- 01, Singapore Land Tower, Singapore.

The registered office of the remaining subsidiary undertakings is Jubilee House Third Avenue, Globe Park, Buckinghamshire, England, SL7 1EY.

14. Debtors

	2021	2020
	£	£
Amounts owed by group undertakings	10,929,028	12,386,313
Other debtors	473	214,372
Prepayments	292,951	282,339
Corporation tax recoverable	60,079	-
	<u>11,282,531</u>	<u>12,883,024</u>

Amounts owed by group undertakings are interest free and repayable on demand.

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	13,854	754,149
Amounts owed to group undertakings	12,037,406	5,564,887
Other taxation and social security	910,872	316,701
Other creditors	103,883	69,500
Accruals	942,190	1,051,009
Deferred consideration	-	2,357,953
	<u>14,008,205</u>	<u>10,114,199</u>

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

The deferred consideration related to the acquisition of Blue Dog Holdings Limited and Healthcare 21 (Holdings) Limited in 2019. The amount was paid in full during the current year.

16. Deferred taxation

	2021 £
Balance at start of year	26,924
Charged to profit or loss during the year	(26,924)
Balance at end of year	<u><u>-</u></u>

The deferred taxation balance is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	-	2,888
Short term timing differences	-	24,036
	<u>-</u>	<u>26,924</u>

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

17. Provisions

	Dilapidations provision £
At 1 January 2021	48,635
Charged to profit or loss	-
At 31 December 2021	48,635

The Company is required to perform dilapidation repairs and in certain instances restore the property to agreed specifications prior to the properties being vacated at the end of their lease term. This amount is based on estimates of repair and restoration costs at a future date and therefore a degree of uncertainty exists over the future outflows, given that these are subject to repair and restoration cost price fluctuations and the extent of repairs to be completed. The provision is categorised as current in line with the lease term.

18. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100,000 'A' ordinary shares of £0.001 each	100	100
10,344 'B' ordinary shares of £0.001 each	10	10
	<u>110</u>	<u>110</u>

The A ordinary shares carry full voting rights, are entitled to participate in dividends, are entitled to participate in a distribution of capital (including on winding up) and carry no rights of redemption.

The B ordinary shares do not carry full voting rights, are entitled to participate in dividends subject to the consent of shareholders, are entitled to participate in a distribution of capital (including on winding up) and carry no rights of redemption.

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

19. Reserves

The Company's capital and reserves are as follows:

Share capital

Share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Merger reserve

Merger reserve arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

Retained earnings

Retained earnings represent cumulative profits or losses net of dividends paid and other adjustments.

20. Contingent liabilities

All assets of Lucid Group Communications Limited have been pledged as a security for a group loan held by Laser Bidco Limited and Lucid Group Communications Inc, subsidiaries of Laser Topco Limited. At 31 December 2021 the group bank loan was £42,911k.

21. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £477,111 (2020: £299,676). Contributions totalling £100,267 (2020: £68,747) were payable to the fund at the reporting date and are included in other creditors.

22. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 restated £
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The comparative has been restated to correctly reflect the Company's commitments in 2020. This is a disclosure adjustment only and there is no financial impact on the financial statements.

Lucid Group Communications Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

23. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the Group.

24. Ultimate parent and controlling party

The immediate parent company is Shoo 803AA Limited and the ultimate parent company is Laser Topco Limited.

Laser Topco Limited is the smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared. Copies of the consolidated financial statements of Laser Topco Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is ICG Europe Mid Market Fund SF No1 SCSp.